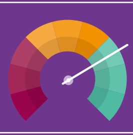
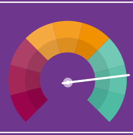
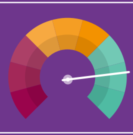
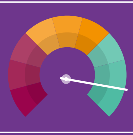
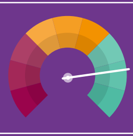
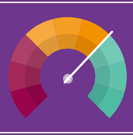
Annual Report
of the Standard Life IGC
2021

Do customers get good value for money?	Yes
Costs and Charges Are the costs and charges you pay reasonable for what you get in return?	
Investment Performance How are your investments performing?	
Investment Services Are your investments well managed?	
Customer Service What is the quality of the service Standard Life provides?	
Communication and Engagement How well does Standard Life communicate with you and keep you up-to-date with your pension?	
Environmental, Social and Governance Is enough allowance made for ESG considerations in how your pension savings are invested?	
Investment Pathways How well are Standard Life's investment pathways performing?	

Independent Governance Committee

Welcome to this, the seventh annual report of the Standard Life Independent Governance Committee (IGC). This report is particularly relevant to you if you have a workplace personal pension plan provided by Standard Life Assurance Limited (Standard Life). It is also of relevance to readers who have recently taken out an investment pathways plan with Standard Life. It provides you with important information about your plan and how to compare it with possible alternatives in the market. It also tells you what the IGC thinks of the value for money that you are receiving.

Readers who would prefer more of a summary are encouraged to read the Value for Money Summary that can be found on the **IGC webpage**.

Cost of living crisis

The IGC is very conscious that we are publishing our report on 2021 at a time of economic turmoil and real worry for many of the Standard Life customers within our scope. While we hope that our VfM analysis and the targets that we place on Standard Life are of long-term benefit to you, we realise that many of you will have short-term pressures that you need help with. To that end, we are encouraging Standard Life to be as flexible as possible with requests from customers who are exploring their options.

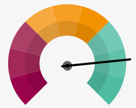
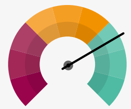
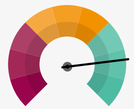
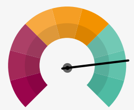
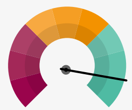
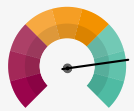
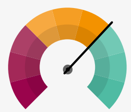
We are also pleased to see that Standard Life is doing what it can to provide helpful guidance and also point you to other sources of information and guidance. You can find this material on the Standard Life **website**.

Contents

Value for Money Dashboard

Value for Money Dashboard

This dashboard gives you a summary of whether we think you are getting value for money from your pensions within the remit of the IGC. Much more information can be found in the pages that follow.

Do customers* get good value for money?		**Yes**
Costs and Charges	Are the costs and charges you pay reasonable for what you get in return?	
Investment Performance	How are your investments performing?	
Investment Services	Are your investments well managed?	
Customer Service	What is the quality of the service Standard Life provides?	
Communication and Engagement	How well does Standard Life communicate with you and keep you up-to-date with your pension?	
Environmental, Social and Governance	Is enough allowance made for ESG considerations in how your pension savings are invested?	
Investment Pathways	How well is your investment pathway performing?	

*when we refer to customer(s) we mean those customers who are in-scope of the Standard Life IGC. This report is for your information. You do not need to take action. However, we do recommend that you review your own pension arrangements on a regular basis and we hope this analysis helps you in doing so.

Introduction from the Chair

Introduction from the Chair

Welcome to this, the seventh annual report of the Standard Life Independent Governance Committee (IGC). This report is particularly relevant to you if you have a workplace personal pension plan provided by Standard Life Assurance Limited (Standard Life). It is also of relevance to readers who have taken out an investment pathways plan with Standard Life. It provides you with important information about your plan and how to compare it with possible alternatives in the market. It also tells you what the IGC thinks of the value for money that you are receiving.

There are other companies within the Phoenix Group that also provide workplace personal pension plans. They have their own IGCs, but with aligned membership across the Group. There are also other pension customers of Standard Life who are not within the remit of the IGC – predominantly holders of individual pension plans, rather than workplace arrangements, and also members of the Standard Life DC Master Trust. While some of our findings may be relevant to other portfolios of business within the Phoenix Group, the focus of this report is on what Standard Life is delivering for its pension customers within our scope.

There have been a number of changes impacting the work of the IGC since the publication of last year's report:

- **Membership changes**: There were two changes in membership of the Standard Life IGC during 2021 and these, along with the further changes that are set out later in this report.
- **Wider ESG analysis**: The requirement to consider and report on how Environmental, Social and Governance ("ESG") considerations, along with other aspects of what is often called "Responsible Investment", are taken into account in Standard Life's investment decisions that impact in-scope customers' pension pots and/or investment pathway funds is now wider. Last year, the requirement was just to consider the relevant policies in place; this year, IGCs are also to consider how well they are implemented.
- **Increased costs and charges disclosure**: The requirement to publish certain information around the costs and charges that can apply to in-scope customers' investments, and give an indication of the long-term impact these can have on retirement outcomes, is also now wider. Last year, the requirement was just in respect of charges that apply to default funds; this year, IGCs are to ensure publication of the costs and charges that apply to all fund choices available to members.

While some of the members may have changed and our scope increased, **the primary role of the committee remains the same – to act solely in the interests of Standard Life in-scope pension and investment pathway customers and assess the value for money that you are receiving from your workplace pension or investment pathway plan**.

Assessing Value for Money (VfM)

The FCA (Financial Conduct Authority, the regulator which oversees the way pension providers like Standard Life treat their customers) wants to make it easier for IGCs to compare the VfM of pension products and services. To that end, they require that IGCs assess ongoing VfM by considering at least the following three factors:

- the level of costs and charges;
- investment performance; and
- the quality of services,

and how what is being provided compares with comparable options across the marketplace.

In order to support the FCA's intention, we have mapped our existing VfM framework onto these three factors, but with some further subdivisions within the third factor in order to separately assess:

- Customer communications and engagement;
- Customer service; and (as a new introduction this year)
- Investment services (e.g. default investment fund design and execution).

The IGC believes that "ongoing VfM" is fundamentally a forward-looking measure. Thus, of the following three questions:

1. Have you received VfM?

2. Are you currently receiving VfM?

3. Going forward, can you expect to receive VfM?

our assessment is mainly addressing questions 2 and 3.

Of course, past performance is still important, since it determines customers' experiences to date and, in particular, the current size of your pension pot. However, past good performance is not a guarantee that VfM will be delivered in the future, nor is past poor performance a sign that VfM cannot be delivered going forward. Nevertheless, where we find:

- Poor customer service which is not being addressed, or addressed quickly enough;
- Charges that are out of line with appropriate comparators and which are not being reviewed and/or reduced; or
- Poor investment performance (relative to the benchmarks set and/or relative to appropriate comparators within the industry) which is not being called out and the reasons for it not being addressed quickly enough

the IGC would see these as potential barriers to a "clean bill of health" as far as ongoing VfM is concerned. However, where past issues with an aspect of the pension proposition have been addressed and, looking forward, what is being delivered and at what cost, compares well with appropriate comparators across the industry, the IGC's assessment of ongoing VfM from that factor is likely to be positive.

This is particularly the case for the IGC's assessments of:

- Costs and charges
- Communication and engagement; and
- Customer service.

In previous reports, the IGC has taken the same ongoing VFM approach to investment matters. However, because the FCA have stipulated that IGCs should consider investment performance separately from the assessment of the design and execution of default investment funds (which is to be included in the IGC's assessment of the quality of services), we have split our VfM assessment of investment matters into two parts, and considered Investment Performance separately to Investment Services, by which we mean all the other aspects that we feel it is appropriate to consider (e.g. investment proposition design, execution, governance and oversight).

As a consequence, poor past investment performance, even if already addressed by the provider, will be separately identified in the IGC's overall VfM assessment. This is the case this year.

Within this new grouping, we have still in order to maintain appropriate rigour in our assessments. More detail on the various components of each factor that we look at can be found **here**.

It is currently not possible to get the equivalent level of detail across the market. However, we do what we can to draw conclusions from what other IGCs publish in their annual reports, from the results of the benchmarking exercises that Standard Life takes part in and from our research of other publicly-available information. In particular, this year's analysis has benefited from the results of a cross-industry comparison exercise that covered a high proportion of the contract-based workplace pensions business across the UK market. The comparison gave helpful insights on how Standard Life performance compared with other providers across all the key VfM areas, and included contracts that are no longer open to new members as well as current contract designs. The IGC is grateful to Standard Life for willingly supporting our participation in this important cross-industry exercise.

Purpose and structure of the report

The requirement on IGCs to produce an annual report, as well as the minimum content that it must contain, are set out in FCA rules and guidance. The IGC is fully supportive of the need for transparency around the work of the committee, particularly in providing enough information to enable relevant stakeholders to assess how thorough the VfM assessment has been. However, research carried out for the IGC in 2020 and again in 2021 confirmed that, the longer the report, the less likely customers are to engage with it.

In order to cover the detail required, but in as accessible a format as possible, we have again structured this year's report around three levels:

- Key Messages;
- Further Commentary; and
- Supporting Material.

We hope that the clear sign-posting, and the embedded links between the different levels, will enable you to engage with the material at whatever depth works for you. However, in response to the findings of customer research carried out following last year's report, we have introduced a separate, IGC Value for Money Summary, which is available on the IGC's **webpage** and is aimed at readers who would prefer more of a summary.

We are keen to hear what you think – about the report, or any aspect of our work. Please do get in touch with us at **www.standardlife.co.uk/pensions/workplace-pension/igc**

Many thanks for reading our report.

IGC Independence and Membership Information

IGC Independence and Membership Information

Current membership

Dr David Hare – Chair, Independent

Rachel Howarth – Independent Member (from August 2022)

Jo Hill – Independent Member (from July 2022)

Ingrid Kirby – Independent Member (until September 22)

Andrew Milligan – Independent Member (from July 2022)

Venetia Trayhurn – Independent Member

Steven Blight – Company Nominee

Rona Cameron – Company Nominee

Changes of Membership

There were two changes of membership during 2021. As noted in last year's report, following the alignment of the ReAssure IGC with the rest of the group, Venetia Trayhurn joined the committee in February 2021 as an independent member, replacing Mike Christophers. In September 2021, Michael Pennell reached the end of his tenure on the IGC as a company nominee and was replaced by Steven Blight.

In 2022, Sheila Gunn reached the end of her tenure on the Committee as an independent member in January, and the Committee operated with five members until two new independent members, Jo Hill and Andrew Milligan, joined in July 2022. Another new member, Rachel Haworth, joined the committee in August 2022 in anticipation of Ingrid Kirby's retirement from the Committee in September 2022. For further information about the Committee please **click here**.

Independence

The role of the IGC is to make sure that customers are getting value for money from their provider, it is therefore crucial that we are independent. We maintain our Independence in a number of ways. We make sure that there is a majority of independent members on the committee and that company nominees do not have a direct link to any areas they are scrutinising. The two non-independent members were selected to bring valuable in-depth Standard Life policy-specific knowledge and understanding to the work of the Committee. In addition, all employee nominees were provided with side letters to their employment contract which made it clear that, when acting on the IGC, they must act solely in the interest of the in-scope policyholders and put aside the commercial interests of Standard Life. We also instruct independent consultants to carry out research on our behalf to ensure that the customers are getting value for money from their provider.

Competence

Members of the IGC are selected for the skills and experience they can bring to the committee. In order to ensure we function appropriately, we carefully map the expertise required to provide robust oversight and then seek members who fulfil those criteria. For more information about how members of the committee are selected please **click here**. We also undertake regular training to ensure that as a committee we maintain the expertise necessary to represent customers.

Key Messages

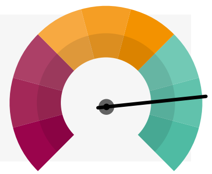
Key Messages

Costs and Charges

Key messages

Costs and Charges

Overall, the IGC has given Standard Life a rating of GREEN for costs and charges for the following reasons:



- Standard Life has a maximum **ongoing charge** of 1% per year and most of you pay less than this, with 81% of you paying an ongoing charge of 0.75 or less.
- **Transaction costs** have been benchmarked using industry surveys and, although they seem slightly higher than peers, we are comfortable that they remain reasonable. Standard Life's processes for monitoring and the quality of the reporting of this information to us, has been maintained at a high standard over the year.
- We continue to monitor the processes that Standard Life has in place to review **other charges** made for death in service benefits, funding of commission, with-profits guarantees and where you may pay more than 1% per year because you have selected particular funds. We continue to be broadly comfortable that these represent value for money. Standard Life have completed a review of the future treatment of commission which could result in a reduction in charges for some of you. There remains work to develop the finer detail of how this will affect individuals and any implementation is dependent on future systems migrations which are not expected to occur until 2024. We will actively monitor the development and delivery of this proposal and provide an update in next year's report. A review of death in service charges and benefits will take place in 2022 which we will take a keen interest in.

Most customers would pay no **exit charge** if you transferred your pension pot elsewhere and others have exit charges capped at 1%.

As was reported last year, Standard Life identified around 3,000 policies which still invest in initial units and committed to apply the 1% charge cap in a manner that reduced ongoing charges for these customers and also, for those under 55, to ensure they would be subject to an exit charge no greater than 1%. The key challenge we raised in last year's report was to ensure these residual policies were amended. We are disappointed this change has yet to be implemented and will continue to challenge Standard Life around implementation timescales and an appropriate period of backdating of this change to ensure customers suffer no financial detriment as a result of this delay in implementation.

Key Challenges for 2022

Ensure the changes to those residual policies with initial units are implemented and an appropriate period of backdating is applied to ensure that customers have suffered no financial detriment. Standard Life have completed a strategic review of investment propositions which will lead to some significant changes in investment strategy for some of you.

This will involve a transition of assets which will lead to additional transaction costs. We will monitor this process and ensure we are comfortable the level of transaction costs are reasonable and also that they are applied across members in an appropriate fashion.

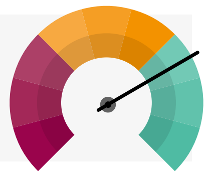
Key Messages

Investment Performance

Key Messages

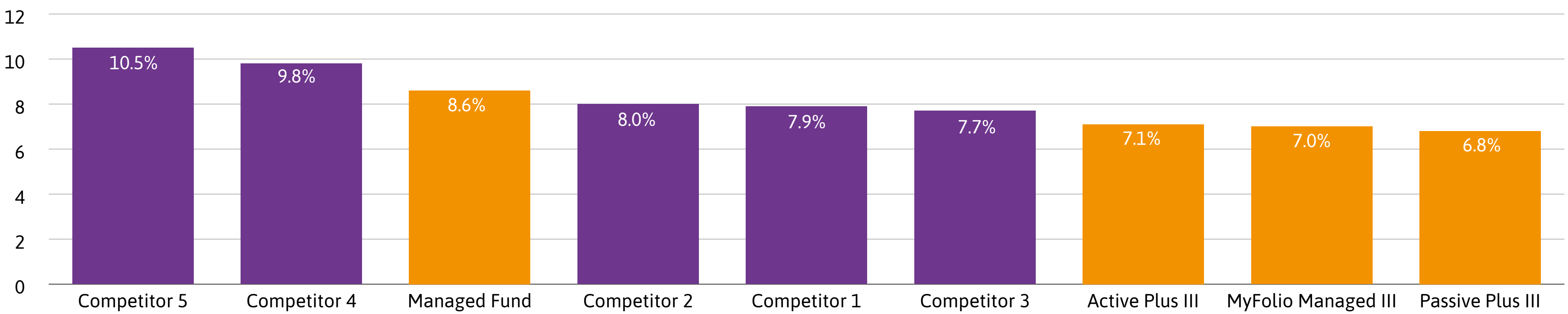
Investment Performance

Overall, the IGC has given Standard Life a rating of GREEN for Investment Performance, for the following reasons:



- The default funds in which most of you are invested delivered strong returns in 2021 as economies started to recover from the worst impact of the pandemic, so **retirement pots continue to grow at a reasonable rate**. However, rising inflation means that fund returns need to be strong to continue to show positive returns once inflation is taken into account.
- Overall, fund managers have done a better job than last year when compared with the specific brief they had been given.
- However, key defaults don't compare well against those offered by other firms since auto-enrolment was introduced.

Long Term Performance



*Source: FE Fund Info, figures shown are on a gross basis per annum for period 31 December 2012 to 31 December 2021.

Key challenge for 2022:

- To complete the default changes required as cost-efficiently as possible, and improve performance vs peers.

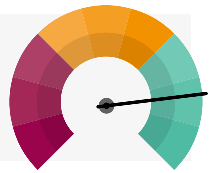
Key Messages

Investment Services

Key messages

Investment Services

Overall, the IGC has given Standard Life a rating of GREEN for Investment Services for the following reasons:



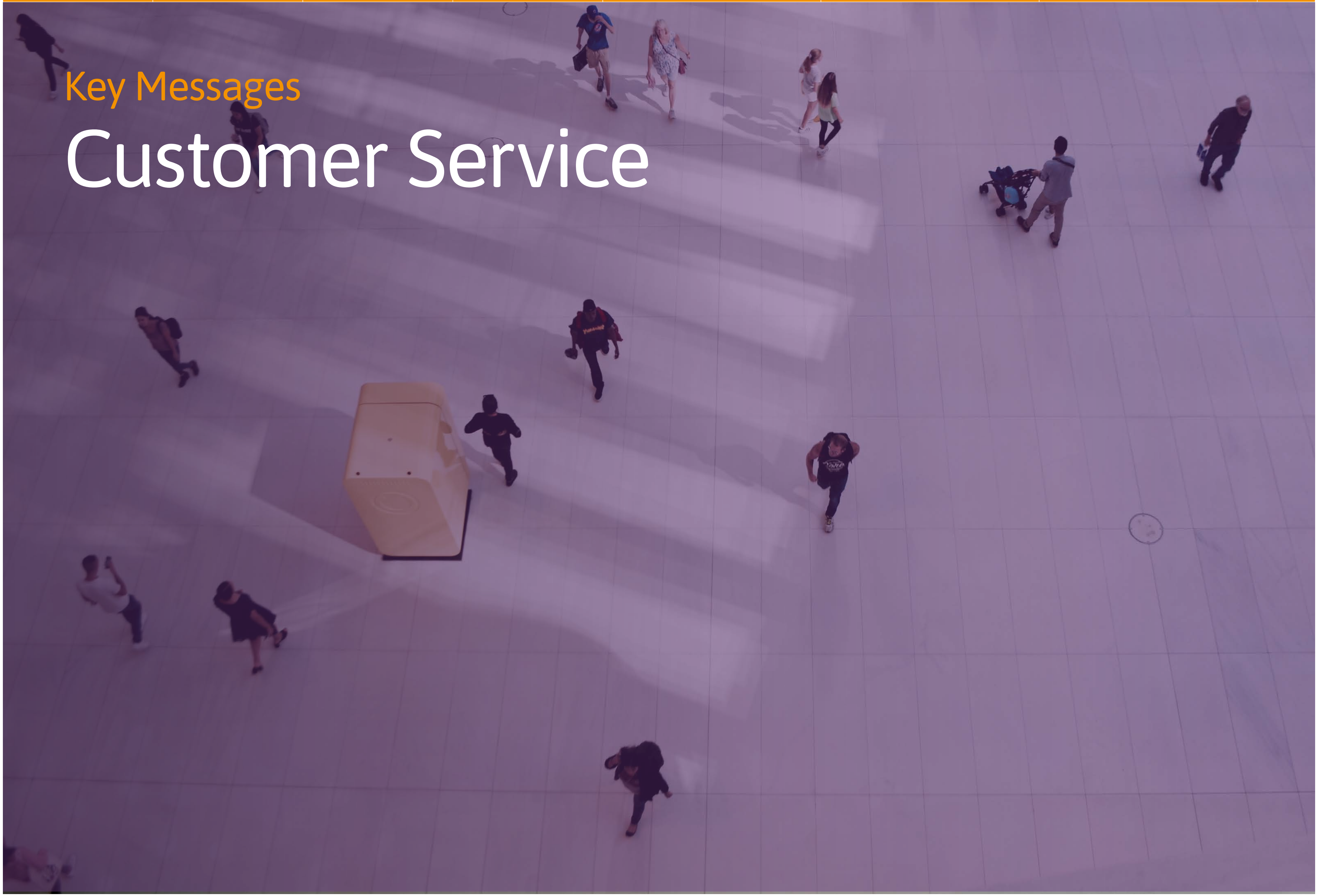
- The completed default design review was thorough and comprehensive, proposing fundamental changes to design principles as well as incorporating important ESG developments.
- However, the changes required have yet to be implemented due to the scale (and scope) of the transition programme required to move existing customers.
- Significant efforts have been made in planning the considerable programme of asset transitions required.
- There is continuing evidence of ongoing mandate and manager reviews and changes being implemented.

Key challenges for 2022:

That in the detailed planning of the transition programme for the defaults, due consideration should be given to the ‘before’ and ‘after’ positions of different cohorts of customers, taking into account the likely costs of transition, and suitable action taken to protect them from detriment.

Key Messages

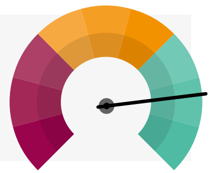
Customer Service



Key messages

Customer Service

Overall, the IGC has determined a score of [36 out of 42 (86%)] and a rating of GREEN for the customer service element of value for money for the following reasons:



- The vast majority of transactions were completed within their target time, despite a 17% increase in manual transaction demand. Processing of retirement claims has improved this year.
- Service quality is high – quality metrics have been met or exceeded during the year and complaint levels remain very low.
- Significant efforts have been made to improve bereavement claims processing (a challenge from last year), although this remains an area of focus as claims tend to be more complex and average processing times have increased.
- Significant improvement has been made to the process for tracing customers Standard Life has lost contact with. Now 80% of gone-away customers are traced compared to 22% previously.
- Digital services have continued to develop (a challenge from last year).
- External benchmarking has assessed Standard Life's services favourably against other providers.

Key challenges for 2022:

- To continue to simplify bereavement processing, and/or reassess target completion times for the modern environment, setting appropriate expectations with customers.
- Maintaining service levels for retirement claims handling.
- Recording more personal email addresses for customers to prevent loss of contact.

Call to Action:

- If you have done so please make sure that you have completed an expression of wish form to ensure your pension goes to the right person.

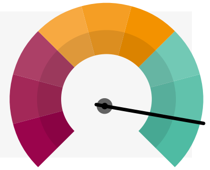
Key Messages

Communication and Engagement

Key messages

Communication and Engagement

Overall, the IGC have given Standard Life a rating of GREEN for communication and engagement for the following reasons:



- The IGC considers this to be an area of strength for Standard Life, with a clear commitment to producing quality, engaging communications and tools to help you keep track of your pension savings and make informed decisions throughout your journey to, and through, retirement.
- The effects of the Covid-19 pandemic continued throughout 2021, and Standard Life maintained focus on supporting customers during this very challenging time, continuing the initiatives introduced at the start of the pandemic to help customers access information to enable them to understand the financial implications of making changes to their pension plans, and the range of options available to them.
- The new Investment Hub appears to have been well received by customers, with customer feedback evidencing that they are positive about the level of support and tools available to them. In particular, customers valued the short, easy to read topics which they rated as increasing their understanding, and found the comparison graphs helpful. Standard Life has been working to enhance the content during 2021 based on customer insight on what helps them make investment choices. This was one of the challenges we set for Standard Life last year.
- Clear and simple personalised videos for customers have been rolled out on the Standard Life online Dashboard and the Standard Life App. The videos use real-time fund values and other key data, to help customers understand what they have now; what guaranteed income this might give them at their selected retirement date; what paying more now could do to improve their retirement income; and, for those approaching retirement, the options they have to take their benefits.
- Standard Life has risen to our challenge from last year, and significant further progress has been made in embedding throughout the business a 'Fit for Purpose' Protocol that aims to ensure that:

i. all communications from Standard Life are fit for purpose, taking into account customers' needs and objectives, and

ii. there is evidence to show that each communication has had the desired outcome for the customer (or if not, identifying what changes need to be made to achieve this objective).

Embedding of the Fit for Purpose Protocol has been achieved through training over 100 Standard Life colleagues involved in drafting communications, and providing those 'Heads of' and Directors with overall accountability for a relevant area, over the course of the year, with examples of completed Protocols submitted to the IGC for assessment at the end of the year. The IGC was pleased with the quality of the completed Protocols, which demonstrated high engagement with the Protocol's purpose of ensuring that communications are fit for purpose and properly take into account customers' characteristics, needs and objectives.

Key challenges for 2022

- Ensuring that the Fit for Purpose Protocol continues to be utilised, and that it becomes second nature to all Standard Life colleagues to consider the Protocol in advance of, during and after drafting any material customer communication to IGC in-scope customers.

- Continuing to follow through with assessments of the effectiveness of communications once they have been issued, monitoring action taken (or inaction), and seeking customer feedback.

- To continue to work on consistency of language and terminology used both within a particular communication (whether contained in a letter, email or online content), and across different types of communications drafted by different areas of the Standard Life business, so that customers can be confident that they are receiving consistent information about the pension product they are invested in.

- Enhancing the personalised videos based on customer feedback, and ensuring the roll out of the personalised videos on the App is completed by the end of 2022, given the strong evidence that this is a highly effective engagement tool which triggers a significant proportion of customers to take action after viewing their video.

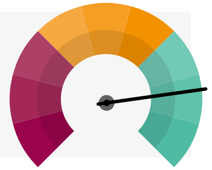
Key Messages

ESG and Stewardship

Key messages

ESG and Stewardship

Overall, the IGC has given Standard Life a rating of GREEN for its approach to ESG and Stewardship in relation to your pension savings for the following reasons:



- Standard Life continues to have a strong policy **framework** that sets out clearly how ESG and Stewardship considerations should be taken into account in investment decisions that impact customer outcomes. The policy framework covers factors that can influence the financial return from investments, but also recognises that some customers may wish to have their ethical, non-financial, values reflected in how their pension savings are invested. During 2021, the policy framework was strengthened in a number of ways, most notably through the introduction of an **Exclusions Policy** and an explicit **Stewardship Policy**.

- The policy framework is backed up by a strong **governance framework**, to ensure that the policy intentions are carried out. All investment decisions that Standard Life takes are required to meet minimum ESG standards. In addition, Standard Life offers a number of investment choices that incorporate more extensive requirements (e.g. screening out certain industries, or deliberately focusing investment decisions on companies with positive ESG attributes).

- During 2021, a number of key internal appointments were made that strengthen the governance framework, including the appointment of a Head of Stewardship. The size of the team that oversees the investment decisions carried out on Standard Life's behalf by its fund manager external partners was also increased, and the extent of scrutiny on ESG and Stewardship activity that they carry out significantly deepened.

- Standard Life carries out regular **research** on what customers want regarding ESG investment choices and the findings are used to inform the range of **funds** made available to you. During 2021, an additional 8 funds were added to the range of self-select responsible investment funds, bringing the total available to Standard Life workplace pension customers to 22. In addition, significant progress has been made on replacing the existing range of Standard Life-designed default funds with a range that incorporate more explicit responsible investment (including ESG and Stewardship) consideration in their design and implementation.

- Standard Life continues to improve the **visibility** of its ESG and Stewardship activities to you as customers. It is also taking more of a leadership role in the industry, championing good practice in this important area.

- In last year's report, we set out two key challenges for Standard Life, and the wider Phoenix Group – to communicate better the impact on the environment and society of Standard Life's responsible investment activity, and to widen still further the range of Responsible Investment funds available to you. Good progress has been made on the latter challenge. In terms of the former challenge, Phoenix Group's publications in this area still focus at a more corporate level rather than showing the difference at an individual fund level. While disappointed that fund-level impacts are not yet available, the IGC recognises the quality and value of the reporting that has been published, and the huge amount of effort that has been put into its development – both in terms of the commitments that have been made and the sourcing of robust data in order to evidence progress against them. The Phoenix Group 2021 Sustainability Report is available **here** and the Phoenix Group 2021 Climate Report is available **here** and both are worth reading.

Key challenges for 2022:

- Implementing the new range of default investment funds that incorporate more explicit responsible investment considerations in their design and implementation; and

- Communication – particularly helping customers like you to see the beneficial impact on the environment and society of how Standard Life pension pots and drawdown funds are being invested.

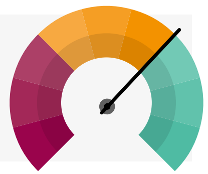
Key Messages

Investment Pathways

Key messages

Investment Pathways

The IGC has given Standard Life's Investment Pathways proposition a GREEN/AMBER overall rating for VfM.



For many customers, the VfM rating is Green, but Amber is possible for some, as can be seen from the following ratings for the individual VfM components:

- Costs and charges – Green for many customers, but Amber for some, especially small pots
- Investment performance – Green/Amber – funds are performing as designed, but it is too early to tell if other designs (i.e. different risk profiles) would be preferable
- Customer service – Green
- Customer communications and engagement – Green
- Investment services – Green

The key reasons for these ratings are set out below, with supporting detail presented in the associated **Further Commentary section**.

Costs and charges

Initially, Standard Life's Investment Pathways charges were at the higher end of the range seen in the market. However, following challenge by the IGC, Standard Life has reduced charge levels for Investment Pathway pots between £25,000 and £500,000 and, for pots within this range, the charges would seem to be reasonably competitive.

The charge level is not so competitive for pots of under £25,000, particularly where Investment Pathway 4 is chosen (since some providers charge less for this option than for some of the other investment pathway choices). Relevant customers could save themselves up to £75 per annum in charges by moving to one of the cheaper providers in the market.

Some Standard Life customers are able to access Investment Pathways while retaining the employer-based discounts that applied to their pre-retirement savings. For such customers, this may prove quite an advantage.

The transaction costs incurred in the investment management of the four investment pathway funds appear reasonable in the circumstances and do not raise any VfM concerns.

Investment performance

The four investment pathway funds were launched in 2020 and so there is only limited past performance data available. The one year performance figures as at 31st December 2021 demonstrate that the four funds are performing broadly in line with the targets set when they were designed.

When the 1 year performance is compared with that of other providers' investment pathway funds, a very wide spread of results can be seen. This seems largely a consequence of different risk levels being chosen by different providers for the same investment pathway choice. It is too early for the IGC to form a judgement on whether this means changes should be considered to the Standard Life fund designs and, in particular, the level of investment risk targeted.

Customer service

The customer service for investment pathway customers is carried out by the same teams that carry out all the other retirement-related servicing. The IGC monitors the associated performance data every quarter. The results for 2021 showed strong levels of performance across the retirement customer journeys.

Customer communications and engagement

The IGC reviewed the customer communications as part of our pre-launch review and found them to be clear and understandable. Findings from customer research and industry benchmarking exercises confirm that the communications are "fit for purpose".

Customer research findings are generally positive about the Investment Pathway customer journey, particularly the guided telephony route, but also the online journey.

Many customers seem more focussed on using Investment Pathways to access tax-free cash now rather than make longer-term decisions about future income in retirement. The IGC is keen to see how Standard Life responds to this and strengthens its communications to reduce the risk of customers taking inappropriate actions.

Investment services

The operation of the four Investment Pathways funds is subject to the same levels of oversight as other Standard Life-designed funds within the IGC's scope. This oversight confirms that the funds were operating as intending during 2021.

The design of each of the four Investment Pathway funds was subject to IGC oversight before launch. While still "early days", in due course the IGC will be keen to see how Standard Life responds to the very different strategies that some providers have chosen for some of their investment pathway funds.

Key challenges for 2022:

- Review charging levels for very small pots and very large pots.
- Develop additional customer communications in light of research findings.
- Consider whether any design modifications would be appropriate concerning the risk/return trade-offs for each of the four Investment Pathway funds.
- Develop Investment Pathway-specific customer servicing MI.

Further Commentary

Further Commentary

Costs and Charges

Further Commentary

Costs and Charges

What we look for

A number of costs and charges may apply to your plans and include:

- charges deducted on an ongoing basis (**'ongoing charges'**); and
- deductions to cover the costs of buying and selling the investments within the plan called **'transaction costs'**.

Some of you have other benefits or services on your plan – certain guarantees that apply to with-profits investments; protection benefits e.g. life insurance or waiver of contribution cover; where customers have specialist investments, or advice from an adviser. Customers typically pay extra for these benefits through '**other charges**'. Additionally, there may be an '**exit charge**' deducted from the value of a plan if it is transferred to another provider.

We have always believed that **ongoing charges** greater than 1% per annum do not represent value for money unless there are associated additional benefits as described above. We have always looked to see what alternative options may be available to you both in the Phoenix Group and in the wider market and how these charges compare to what you are paying. Revised guidance from the Financial Conduct Authority about how we should be assessing whether a scheme provides you value for money means that this comparative assessment is a primary driver of our value for money assessment.

Whether a customer will receive better value by taking those lower cost options can be a complex decision as value depends on benefits received as well as the costs. What is critical is that customers are aware of and regularly review their options and we would encourage all to do so.

We expect **transaction costs** to be within normal market ranges or, where they appear materially higher, to understand why this is the case and any action taken to offset the impact on customers.

Initial Units – an Explanation

Some of you have policies which still have what are known as initial units. These incur an ongoing charge of more than 1% per year and were originally designed to help pay, over time, for the costs of setting up the policy.

If you were to transfer your policy to another provider your 'transfer value' would also incur an exit charge based on those units – also designed to pay for the costs of setting up the policy because you were exiting earlier.

The exit fee reduces over time so, if you compare the transfer value of the policy from one year to the next, the policy will have seen an effective charge of 1% because the charge on the initial units will be higher over the year but the exit charge will have reduced.

However customers who stay with Standard Life will have simply paid the higher charge.

Where customers pay **other charges** for other benefits and services, then we consider this to be reasonable, provided customers know that they are paying for those other charges, understand (and still need) the benefits or services, and receive adequate communications. We also look to see that these other charges are reviewed periodically, to ensure that they remain appropriate.

We are concerned if **exit charges** are above 1% of the value of the plan.

Ongoing Charges

Ongoing charges remain in line with what we have seen in previous years. 81% of you are now paying less than or equal to 0.75% per year (up from 79% the previous year). 0.75% per year is the maximum charge for default investment options in schemes under auto-enrolment, with many paying less as a result of discounts on the charge agreed with individual employers and/or due to the size of the plan value. No one is paying more than 1% per year in ongoing charges, other than where they are receiving other benefits or services – see below – and we currently consider this to be reasonable value for money for these benefits or services. A full breakdown is provided here.

In last year's report, we described how Standard Life, through its ongoing governance process to assess whether products are still working for customers over time, identified a group of approximately 3,000 pensions which have charges capped at 1% per year as measured on the basis used to assess ongoing charges when IGCs were first set up, but higher than 1% per year using the basis adopted within Standard Life. This was due to those policies still investing in initial units. The work planned to address this remains ongoing, but will effectively further reduce charges on this group of policies. We are disappointed that this change has not been implemented yet, and we will continue to challenge Standard Life around the implementation timescales and the plans to backdate any impact so customers are not at any detriment from this delay to implementation.

Looking into 2022, we are also pleased to report that, as part of Standard Life's strategic review of investment propositions, ongoing charges reduced in March 2022 across the Active Plus III and Passive Plus III Pension Funds with a reduction of up to 12bps (for Active Plus III customers) and up to 2bps (for Passive Plus III customers) on your ongoing charge.

Other Charges

The number of customers who are paying more than 1% per year as a result of additional charges made to fund commission paid to advisers, or because of a more bespoke fund choice, has fallen slightly during the year.

When Standard Life capped ongoing charges at 1% in 2016, in some cases, this resulted in charges applied to policies to fund commission being reduced and commission to advisers being similarly reduced unless the adviser provided customer consent for it to continue. Accordingly, some of you continue to pay charges for commission within the 1% per year ongoing charges and some agreed to continue to pay charges for commission to take the charge above 1% per year. A charge for commission can represent value for money provided the customer is still benefitting from advice.

Standard Life has completed a review of the future treatment of commission which could result in a reduction in charges for some of you. There remains work to develop the finer detail of how this will affect individuals and any implementation is dependent on future systems migrations which are not expected to occur until 2024. We will actively monitor the development and delivery of this proposal and provide an update in next year's report.

There are a small number of customers (around 100) with integrated death in service ('DIS') insurance cover as a protection benefit with their plans. DIS cover pays out a lump sum if the customer dies during the term of the policy and the cost of the benefit is met by cashing in part of the fund value each month. The cost rises with age, so can become significant relative to the contributions made each month as customers become older. The number of customers with this benefit has fallen considerably over recent years largely as a result of Standard Life writing periodically to remind them of the cover they have and asking them to consider whether they still require the benefit because it is of value to them or otherwise allowing them to cancel it. These reminders will continue, albeit they were understandably deferred for a period given the Coronavirus pandemic and the potentially sensitive nature of the subject matter. If customers continue to value and maintain their DIS cover, it is important that the cost represents value for money. We are pleased that Standard Life will review the charges for DIS cover during 2022 and we will monitor its conclusions.

We also continue to monitor the operation of **with-profits investments** and charges made for **guarantees**. We are pleased to report that Standard Life has reduced charges from April 2022 for guarantees applied to their with-profits investments to around 1/3rd of their previous value. The exact reduction will vary by product, but could be up to 50bps for some customers. We remain comfortable that the charges paid by customers are reasonable given the guarantees provided and therefore represent value for money.

Transaction Costs

The quality of **transaction cost** reporting to the IGC has continued to be high over the course of 2021. This reflects a continued high level of data coverage, Standard Life doing more in terms of analysis of costs and how these change from period to period, and investigating funds where charges appear particularly high. Our report covers the 2021 calendar year and includes 100% coverage of the transaction costs associated with the underlying investment held by the SLAL funds (100% in 2020), and 99% coverage of transaction costs related to the buying and selling of units in those underlying funds (95% in 2020).

However, the issues with the time it takes for transaction cost data to be reported to us described in last year's report still remain. This appears to be an industry-wide issue, in large part due to the delay in fund managers providing data to firms to enable them collate, review and report e.g. Standard Life can only report a complete set of data to us when all the fund managers it uses have supplied the necessary data. This report is required to cover charges during 2021 but we did not receive data until end of April – almost four months later.

Transaction Costs for Managed, Active Plus III, Passive Plus III and With Profits Pension Funds

This table shows transaction costs for the main growth funds used within the main Standard Life "off the shelf" Lifestyle categories.

Fund Code	Fund Name	Fund Average NAV	Aggregate Transaction costs 2021 (%)	Aggregate Transaction costs 2020 (%)	Aggregate Transaction costs 2019 (%)
FA	Standard Life Managed Pension Fund	£22.6bn	0.122	0.121	0.221
DDNA	Standard Life Active Plus III Pension Fund	£4.8bn	0.173	0.221	0.191
CCHD	Standard Life Passive Plus III Pension Fund	£6.3bn	0.162	0.134	0.045
LPNL	Standard Life Sustainable Multi Asset Growth Pension Fund	N/A	0.065	N/A	N/A
W1	Standard Life Pension With Profits Fund	N/A	0.116	0.136	0.096
W2	Standard Life Pension Inflation Plus Fund	N/A	0.005	0.011	0.006
W8	Standard Life Pension 2 With Profits 2 2006 Fund	N/A	0.173	0.189	0.060
WA	Standard Life Pension With Profits One Fund	N/A	0.173	0.189	0.060
WC	Standard Life Pension Millennium With Profits Fund	N/A	0.173	0.189	0.060
WJ	Standard Life Pension With Profits One 2006 Fund	N/A	0.173	0.189	0.060
WN	Standard Life Pension 2 With Profits 2 2006 Fund	N/A	0.173	0.189	0.060
WQ	Standard Life Pension Millennium With Profits 2006 Fund	N/A	0.173	0.189	0.060
AW	Stakeholder With Profits Fund	N/A	0.077	0.073	0.096
BO	Stakeholder With Profits 2006 Fund	N/A	0.077	0.069	0.095
AW	Corporate Stakeholder With Profits Fund	N/A	0.077	0.073	0.096
BO	Corporate Stakeholder With Profits 2006 Fund	N/A	0.077	0.069	0.095

*The NAV is N/A as these are different pricing series of with profits asset pots, so separate NAV's are not available

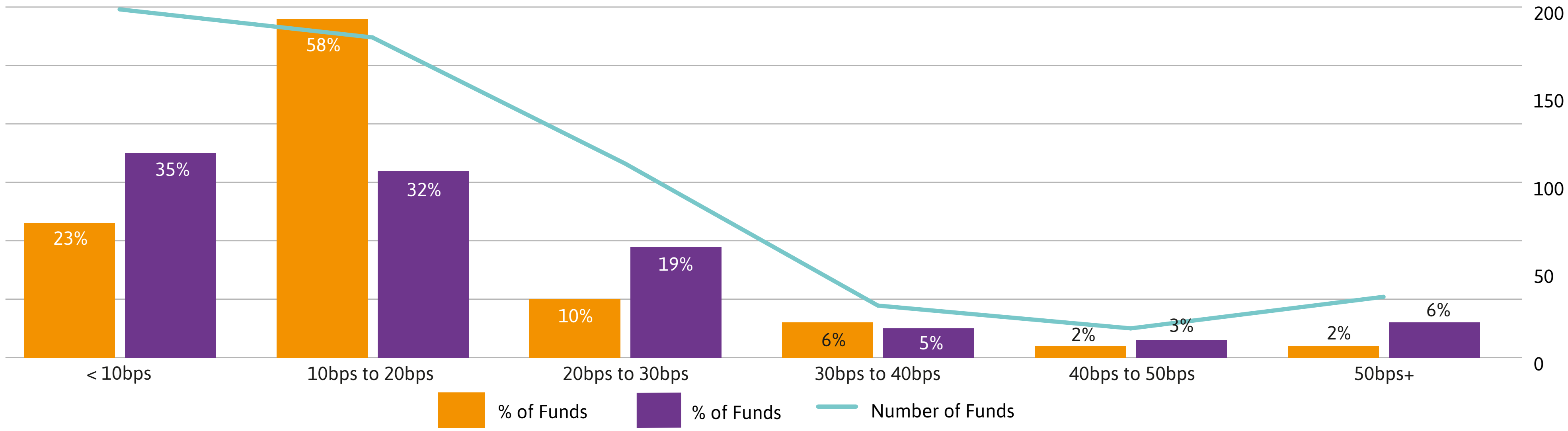
Transaction costs for 2021 remain largely in line with those experienced in 2020. As detailed in last year's report, the increase in costs for Standard Life Passive Plus III Pension Fund compared to 2019 does not seem unreasonable and is due to a number of small marginal increases across a range of asset classes within the fund. The increase in reported costs for a number of the with-profits funds since 2019 reflects a change in the structure of the investment. In previous years the costs reflected the funds' direct holdings of UK equity assets. During 2020 the investment was restructured such that the funds now invest in an underlying collective investment scheme which in turn invests in UK equities. The costs in 2021 are in line with the previous year with the introduction of the anti- dilution levy reimbursement in some of these underlying funds contributing to the small decreases in transaction costs.

Following a strategic review of investment propositions by Standard Life, during 2022 a large number of you will see a change to the investment strategy of your underlying pension funds where they are invested in 'default' funds (where this does affect you, Standard Life will have either contacted you already or will do so shortly). The changes being implemented may lead to a short-term increase in transaction costs which we will be monitoring during 2022 and also looking to ensure that these transaction costs are appropriately apportioned across the members who are impacted.

Transaction Costs for all Relevant Unit Linked Funds

Transaction costs for all 575 unit linked funds offered by Standard Life to customers who are within the scope of the IGC are available on our section of the Standard Life **website**. The chart below provides a summary view of costs split into bands. This illustrates that around 67% (60% in 2020) of funds saw charges below 0.20% and 86% (81% in 2020) below 0.30%. The chart also illustrates that higher charging funds tend to be smaller. We continually ask Standard Life to investigate funds with charges at the extreme end i.e. in excess of 0.50%. In general, it appears that costs at this higher end are associated with implicit costs i.e. differences in the price the fund managers received or paid when they sold or bought underlying investments, compared to the price when they decided to trade. In other words, the costs are a feature of the methodology used to calculate transaction costs rather than due to higher explicit costs, such as commission and stamp duty. In some cases, the larger costs are associated with specialist funds and not out of line with the market. Importantly, Standard Life continues to look at the reasons for any funds with high transaction costs and provides regular information to the IGC around the reasons for these high costs.

Q4 2021 Standard Life Breakdown of Transaction Costs (bps*)



*bps or basis points refers to 0.01%

We continue to regularly look at industry benchmarking information to gain comfort that Standard Life transaction costs continue to be in line with typical market ranges.

We receive regular industry benchmarking information which indicates that Standard Life transaction costs at an asset class level continue to be in line with typical market ranges. Standard Life also took part in an industry benchmarking exercise that showed transactions costs were towards the higher end of those reported by group participants. However, overall, transaction costs were still noted as being relatively low.

Finally, it should also be noted that a higher transaction cost is not necessarily bad value for money, if it has resulted in a better investment return for customers, or is due to a change in investment strategy designed to improve future returns.

Overall, we continue to be comfortable with the level of transaction costs.

Increased Disclosure of Costs and Charges

The increased disclosure requirements introduced last year, where IGCs are required to publish costs and charges information in more detail, have been further enhanced this year, including the publication online of the ongoing charges and transaction costs for all investment funds that Standard Life makes available to customers; previously this only covered default funds.

The table of costs and charges is available and, along with sample illustrations to show the impact of those costs and charges, on the **website**.

The tables show the range of costs and charges incurred by individual customers and demonstrates that not all customers pay the same for the same fund but that costs and charges vary, generally due to the terms that your employer or previous employer agreed with Standard Life, but also potentially due to the type of policy you have. What you pay may also vary by the fund(s) that you are invested in. It is important, therefore, to understand how your charges compare with what you may be able to get elsewhere. The sample illustrations also show how significant ongoing charges can be on the ultimate value of your pension, particularly if you have a larger pot invested over a long period.

In addition, the Financial Conduct Authority (FCA) have introduced new rules around assessing value for money in workplace pension schemes. This requires IGCs to consider the most appropriate and proportionate way to assess an employer's scheme so that the IGC can produce a value for money assessment that is the most useful for members.

IGCs have a judgement to make on whether to assess costs and charges at an individual employer level, at an aggregated level or by a combination of both. We have chosen to assess costs and charges at an individual employer level rather than an aggregated level. We feel this is most appropriate, as it is at this level that you experience the service offered for the particular charge that you are paying and allows you to fully understand where your level of charges sits in comparison to other employer arrangements.

Additionally, we also feel it is appropriate to consider and report at an individual member level to show how your charges compare to all other Standard Life customers so that you can see how your charges compare to all other individual customers with a Standard Life policy.

We also recognise that the ongoing charge can justifiably vary for different employer arrangements, in particular due to the number of members and also the average assets under management for members. We have therefore asked Standard Life to provide us with additional granular information that shows how ongoing charges compare for employer arrangements with similar numbers of members and also similar average assets under administration for members. We have found this information very valuable and it has allowed us to challenge Standard Life around any outliers in terms of ongoing charges. We will continue to do this using the internal Standard Life data that is available.

Similar analysis could be carried out using external data that considers the ongoing charges of our peers at a granular level which would help to inform the value for money assessment. However, this information is currently unavailable. Some of this has been considered as part of external benchmarking surveys and, looking forward, we believe there is more that can be done in this area going forward.

Externally, we have taken part in industry-wide benchmarking surveys to understand how the level and spread of charges compare with those across the industry. We will also continue to look at disclosures within our peer IGCs' reports to see how Standard Life's costs and charges compare across the industry.

We strongly encourage you to understand how the level of charges you pay compare to charges paid by other employer arrangements with Standard Life. Within this report (for default funds) and on the website (for all funds) there are details that show the distribution of charges at an employer and individual member level. We have chosen to present the data in this fashion as we believe this is a useful and effective way for you to understand how the level of charges you are paying compares with those of other employer arrangements within the same fund and, as such, what relative value for money you may be receiving.

In order to help you to be able to assess this, Standard Life has delivered a digital solution that will allow you to find the level of charges for all funds that you are invested in or are available to you. From the Standard Life **website**, you are able to enter your scheme number and be presented with all relevant costs and charges for both invested funds and funds available to you. You will be able to find your scheme number on your annual statement. In addition, your annual statement will show what charge you are paying and the online dashboard will show this in more detail by fund and as a percentage of the fund value. This means that some of you can see what charge you are paying as a percentage and therefore can use the table in this report to compare that with what others are paying for the same fund. You can contact Standard Life if you wish to register to gain access to the online dashboard.

In order for you to consider how the charges you are paying compare to those being applied to other members or employer arrangements provided by Standard Life, for each fund available we have set out, using various charge bands, the proportion of members and employers invested within that fund who are paying the level of charges indicated within the relevant band.

For example, the table below shows the distribution of charges for employer arrangements invested in the Standard Life Passive Plus III Pension Fund. If you are invested in this fund and paying a charge of 0.6% or higher, then 29% of other employer arrangements who are invested in this fund will be paying a lower charge, some significantly so. There may have been valid reasons for this, but, in this scenario, we would encourage you to consider whether you are receiving value for money given the charges being applied to other employer arrangements.

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00
CCHD	Standard Life Passive Plus III Pension Fund	1.1%	6.9%	10.2%	10.6%	71.0%	0.2%	0.0%	0.0%

The distribution of charges for all other default funds can be found within this report. For all other investment funds, the distribution of charges is available on the Standard Life **website**.

Finally, we are required to publish the charges that apply to each fund that is available to invest in for each individual employer arrangement with Standard Life. We feel that the most effective approach for members to understand the charges applicable to them and how they compare to the charges of other members or employer arrangements invested in the same fund is through use of the digital solution described above in conjunction with the distribution of charges set out in this report. However, we do view it as important that we present data that satisfies the regulatory requirements, and this information is available on the Standard Life **website**.

Exit Charges

The majority of Standard Life plans have no exit charges, with others capped at a maximum of 1% of the plan value. We consider this to be value for money. As noted in the section on ongoing charges, there remains a group of around 3,000 policies with initial units some of which would, as a result, incur an exit charge of more than 1%, were they to transfer to another provider. However, Standard Life has committed to address this as part of the alteration to ongoing charges. Not all of the approximately 3,000 policies will have a higher exit charge, because exit charges are capped at 1% for those aged 55 or over. We are pleased Standard Life is taking this action, but remain disappointed at the time that is being taken to implement this change.

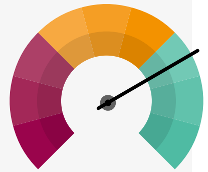
Further Commentary

Investment Performance

Further Commentary

Investment Performance

Overall, Standard Life's Investment Performance 2021 contribution to Value for Money for Customers is still assessed as GREEN, but only just. Assessment criteria scores were considerably lower than in 2020, with 72% of the maximum score awarded.



What do we hope to find?

- Default funds are delivering sufficient returns on your retirement savings over the medium/longer-term to provide a decent outcome when you retire, without taking too much investment risk.

Although VfM is all about what you might get in the future, we look to see how your investments have performed in the past to confirm our findings. We look at how well fund managers have performed against the specific brief that they've been given, and we also look at how well funds have performed against similar funds that you or your Employer might have chosen instead. The ultimate test though is how your savings pot has grown over time, and for that we see how funds have performed in real terms, taking past inflation into account. (Current Default design is now considered under Investment Services).

What we found:

- The default funds in which most of you are invested delivered strong returns in 2021 as economies started to recover from the worst impact of the pandemic, so retirement pots continue to grow at a reasonable rate. However, rising inflation means that fund returns need to be strong to continue to show positive returns once inflation is taken into account.
- Overall, fund managers have done a better job than last year when compared with the specific brief they had been given.
- However, key defaults don't compare well against those offered by other firms since auto-enrolment was introduced.

Key challenge for 2022:

- To complete the default changes required as cost-efficiently as possible, and improve performance vs peers.

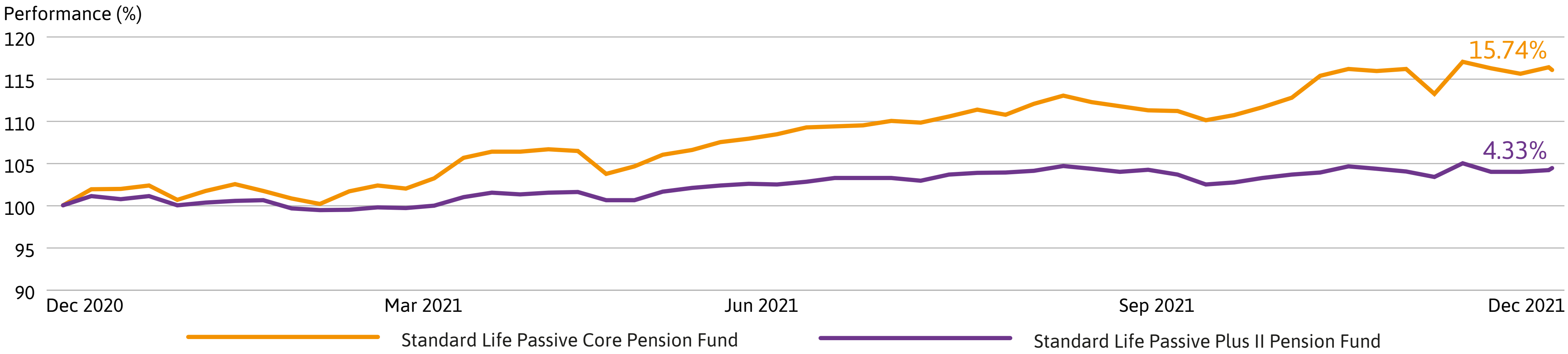
How did your funds do in 2021?

After the economic shocks caused by the pandemic in 2020, markets generally showed improvement over the year despite further lockdowns, with growing confidence in developed economies as the effects of the vaccination programmes started to be seen.

This pattern can be seen in the graph showing the best and worst performing of the Standard Life key default funds, all of which ended the year with strongly positive returns. The Passive Core launched in 2019 posted the highest result for the year growing by 15.7%, with Active Plus II, with less exposure to recovering equity markets, showing the lowest growth of 4.3%. The Sustainable Mult-Asset fund launched at the end of 2020 also had a good first year, posting returns of 15.0%, but as yet few of you are invested in these recent launches. The difference in these returns relates principally to differences in design, rather than the performance of their fund managers – see comments on design in the Investment Services section.

The other key Standard Life defaults, in which many of you are invested, posted returns between these two funds. However, others of you are invested in default funds designed by your Employers' advisers rather than by Standard Life, and these funds may have performed differently. Although Standard Life are not responsible for the design of these defaults to the same extent, we do assess the performance of the underlying funds in which they invest as part of our overall oversight, and specifically include them in the external validation analysis referred to below.

Highest and lowest performing key defaults in 2021



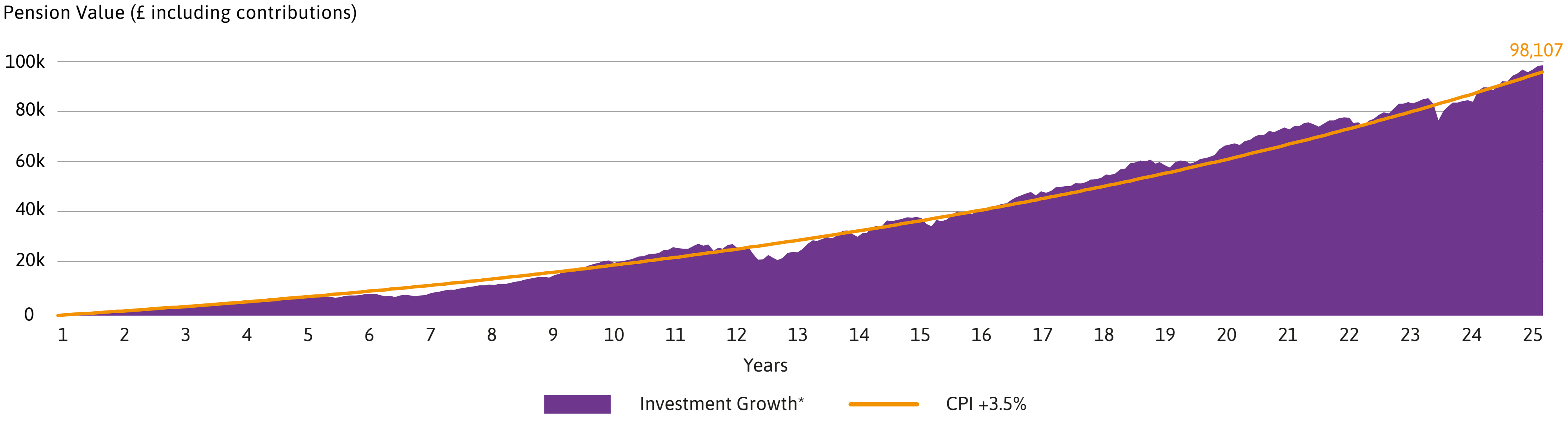
Source: FE Fundinfo, as at 30 Mar 2022

What about over the longer-term, when compared with inflation?

Here we look at the performance of all available funds over the longest possible timescale, as many of you will be invested for several decades. Funds invested in stock markets would hope to beat inflation every year, but short-term impacts can mean that is not the case. In 2021, for instance, some funds targeting returns based on dividend income rather than capital growth did not beat inflation over five years, and neither did some of the 'pre' or 'at' retirement funds which could be used for drawdown. This last indicator is concerning, as a key requirement in drawdown is to maintain value in real terms.

The graph below illustrates how regular investment over a 25 years savings journey up to retirement would have grown compared to inflation over the same period (investing initially in the Standard Life Managed Fund, which is the default fund with the longest record, but switching into the Active Plus III Universal SLP and then the Sustainable Multi-Asset SLP when they were launched, gradually de-risking in the years approaching retirement as a result of the lifestyle strategy). With average inflation just over 2%pa over the period, you would have seen growth of 3.5%pa over and above inflation. This is a good outcome, maintaining last year's result. The size of the pot illustrated at the point of retirement also assumes you contributed throughout the journey.

25 Years Savings Journey, including Glidepath to Retirement



Source: FE Fundinfo, as at 03 March 2022

* Standard Life Managed Fund moving into Active Plus III Universal SLP then Sustainable Multi Asset Universal SLP

This is only one illustration, but we do look at the results of all funds and raise queries on any that have not beaten inflation over five years where it is not immediately obvious why that might be the case (a cash fund or fixed interest fund for instance) and where this has not already been highlighted on other performance grounds.

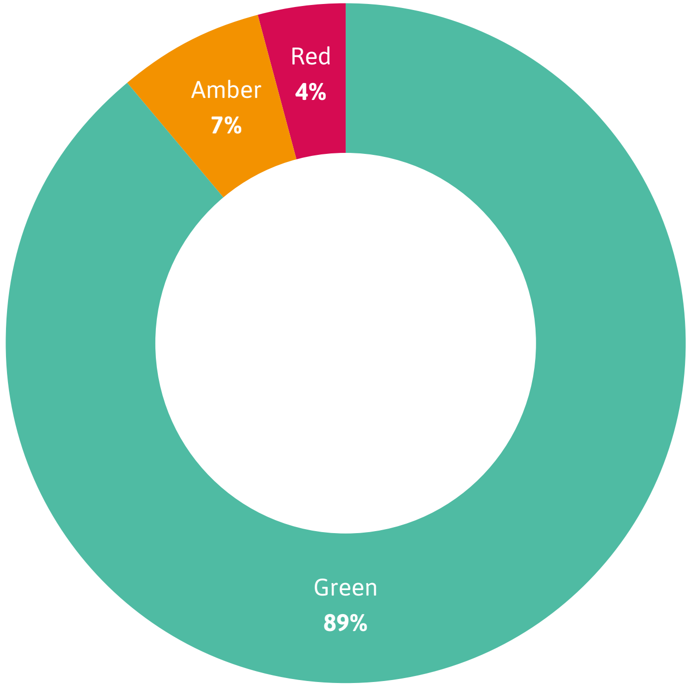
How good a job are the fund managers doing?

To assess this the IGC has devised a Red/Amber/Green performance flag ("RAG") which looks at how funds have performed compared to the benchmarks that have been set for the managers. The benchmarks could be a published market index like the FTSE Allshare, or a customised combination of indices, or the average return of a suitable peer group.

We look every quarter at three-year performance, and the RAG assessment takes into account how we would expect a fund to perform, given the brief the manager had been given. For instance, if the brief was to match an index, we expect performance to be very close to index performance. If it's an actively managed core fund, we look for outperformance but understand that in the short-term results can be more variable.

The proportions of Red/Amber/Green across all Standard Life funds available for investment by workplace customers such as you are shown in the chart alongside. This shows that an increasing majority of fund managers are delivering positive results against the brief they have been given, whether to match the return of a benchmark comparator, or to beat it. (Equivalent results in 2020 showed 10% lower in green, with 8% higher in amber and 2% higher in reds).

Performance RAG distribution (rated funds)

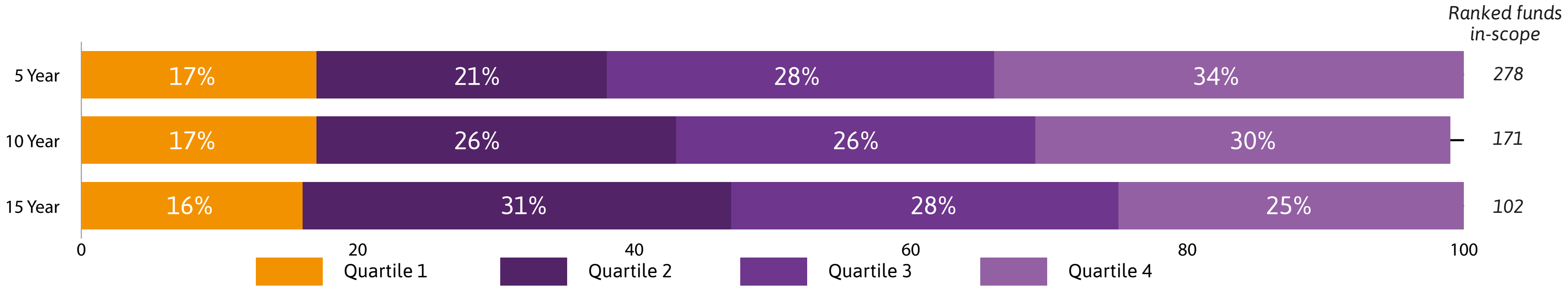


There were 62 (11%) unrated funds due to unavailability of data

How do these funds and profiles compare with peers?

The quartile rankings of those funds which can be compared against ABI sectors of similar competitor funds over various periods are set out below. 'Quartile ranking' involves arranging in order all similar funds from the best to worst performing, and then dividing the list into four with quartile 1 reflecting the best performing quarter of the list, quartile 2 the next, and so on. 2021's results show a continuation of the worsening trend observed in 2020, with all periods now showing that the majority of Standard Life funds were below the top two quartiles (ie in the bottom half of the table), as the earlier better performing years have been replaced by recent years that performed less well. It is not immediately obvious what has caused this drop because, although we can analyse Standard Life's performance, we don't know how competitor results were achieved. Nonetheless, this is an adverse indicator for your VfM suggesting that better results could have potentially been obtained elsewhere if you (or your Employer) had made different choices.

Quartile Rankings (Ranked Funds)

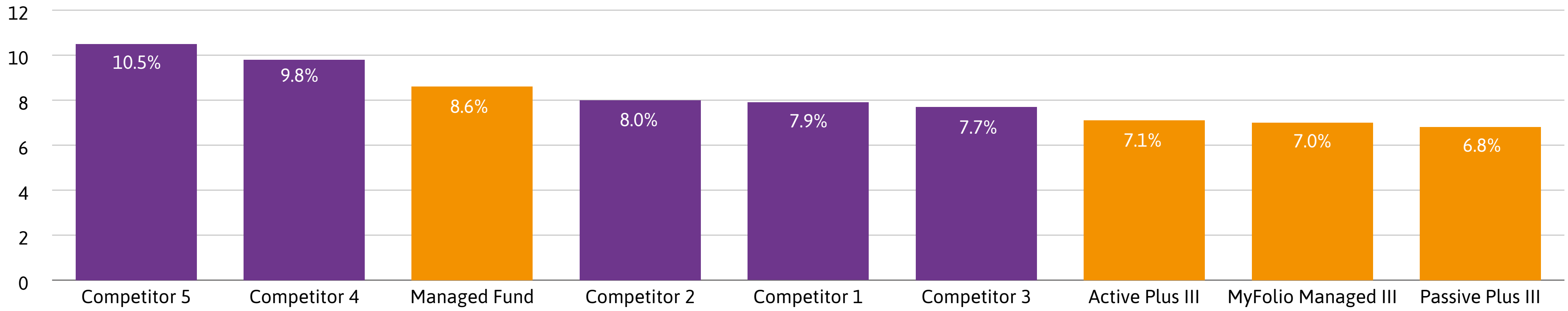


Source: FE Fundinfo, data to 31/12/21

The default funds most of you invest in are not included in the above analysis however, because they have customised benchmarks and therefore don't fit neatly into any of the ABI sectors. However, we have looked at how those default funds compare with competitor firms' auto-enrolment defaults over the last eight years, and with the exception of the Managed fund, their performance doesn't compare favourably either.

We understand why this is the case (the more modern Standard Life defaults have less in equities than competitors, as they have a greater focus on managing downside risk). However, when we look at risk-adjusted returns (see the charts in Supporting Material) we note that the defaults are not behaving as well as might be expected there either. This part of our assessment scored poorly again this year, as over this period the risk-based approach adopted has not paid off for those of you invested in these funds.

8 year annualised performance



*Source: FE Fund Info, figures shown are on a gross basis per annum for period 31 December 2012 to 31 December 2021

What external validation do we have for our assessment? (see **Supporting Material**)

Several years ago, the IGC worked with Redington, a firm of investment consultants, to devise a framework for assessing all the different default profiles, including those used by client schemes and their underlying funds, and highlighting for further investigation those that might not be offering VfM either due to poor performance, or questions of suitability for their part of the savings journey. (Subsequently Redington have deployed some parts of this framework in their industry benchmarking assessments, although those tend to focus on selected key defaults only.)

This year's results across all the Standard Life defaults initially threw up 29/162 funds in the backward-looking assessment, and 19/140 default profiles for further scrutiny, less than in previous years. Their recommendations on further analysis are as follows:

- 26 of the 29 funds were only flagged due to the extraordinary gyrations in value seen in the first half of 2020 where there are no ongoing performance concerns – no action required.
- 2 of the other funds have had recurrent performance issues and the manager was already under a performance improvement notice. Mandate changes are now underway.
- The other flagged fund has one of the above as a key component.

All default lifestyle profiles were flagged only because of potential charges, and were no longer flagged once actual charges were checked, because the funds were either charge-capped or benefited from scheme-specific discounts.

Although not flagged by this particular assessment, we note that the one Scheme that continues to use a single fund as a qualifying default, which the IGC had previously queried as to whether that was suitable, has recently appointed a new adviser who is undertaking a market review which may result in changes in design (or provider).

We are reassured that this comprehensive external assessment has only confirmed issues already picked up by the IGC and Standard Life's Manager Oversight team that are already understood and where actions are already underway.

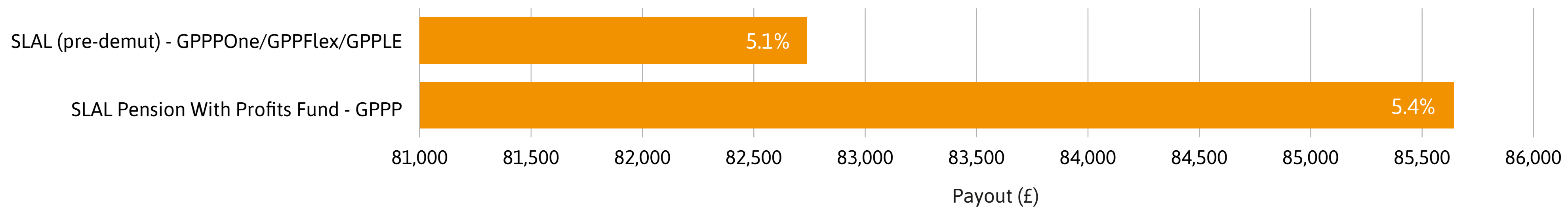
What about With-Profits funds?

It is not straightforward to compare short-term performance in With-Profits funds against unit-linked funds given that year to year bonus rates will be affected by smoothing, whereas eventual payouts will reflect both the performance of the underlying asset shares, any estate distribution and any investment guarantees – and a market value reduction (MVR) may apply if taken earlier than at retirement. VfM can really only be assessed once benefits are finally taken.

In addition to tracking the performance of the underlying asset shares net of costs, which is what drives terminal bonuses and guarantee deductions, and monitoring the asset allocation for likely future performance, we also look at performance over 1,3, and 5 years compared to CPI (see Supporting Material).

Overall, we concluded that example 20-year payouts and returns on premium on retirement in 2021 were reasonable compared with CPI of 2.2%pa over the same period.

Example 20 year payouts and return on premium



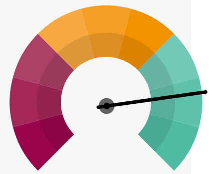
However, we remain concerned about customers who may lose their investment guarantees by transferring out prior to retirement. It has not proved possible to extract complete information as to the extent of MVRs actually incurred, but it appears that up to 8% of claims made by over 55's in 2021 with a With-Profits element may have had a market value adjustment applied, although this would not have applied in all cases as it depends on when investments were made. If contributions had been made regularly over many years, the level of any adjustment is not expected to have exceeded 5%, but, if contributions were concentrated in years where MVRs applied, the adjustment could have been more significant.

We are reassured that the potential difference between transfer values and retirement values are clearly set out and explained to you both in your regular statements and in phone calls we have listened to.

Further Commentary

Investment Services

Overall Standard Life's Investment Services were assessed as GREEN with a higher score than last year.



What do we hope to find?

- That the funds offered to you are well-designed, well-managed and governed in order to meet your expectations. To assess this we look at regular governance reports, particularly focusing on actions taken to address any issues uncovered.

What we found:

- The default design review was thorough and comprehensive, proposing fundamental changes to design principles as well as incorporating important ESG developments
- However, the changes required have yet to be implemented due to the scale (and scope) of the transition programme required to move existing customers.
- Significant efforts made in planning the considerable programme of asset transitions required
- Continuing evidence of ongoing mandate and manager reviews and changes being implemented

Key challenge for 2022:

- That in the detailed planning of the transition programme, due consideration should be given to the ‘before’ and ‘after’ positions of different cohorts of customers, taking into account the likely costs of transition, and suitable action taken to protect them.

Does the design of current defaults provide Value for Money

Last year we noted that there was a comprehensive review of default design underway, revisiting original design principles, and seeking to incorporate the Phoenix Group’s overall approach to ESG. In 2021, the review was duly completed, but the changes proposed are so significant and so comprehensive in terms of the number of customers and products affected that they required careful transition planning. As a result none had been implemented by the year end (although some initial customer communications had been sent).

Whilst we are pleased with the outcome of the review, we have to conclude that, until it is fully implemented in the defaults in which the majority of customers are already invested, current default design is no longer considered optimal. Not only has the original risk-controlled approach previously adopted for the auto-enrolment defaults not produced the best outcomes for customers so far, it is not now considered the best way to generate the desired outcomes in retirement.

Are the default design changes soundly based?

The key conclusions of the default design review were that, in order to produce better outcomes for customers, they should take on more equity risk in the early stages of their investment journey, and reduce it more gradually over a longer 'glidepath' to retirement. At the same time, Active Plus and Passive Plus should evolve to the approach undertaken by the Sustainable Multi-Asset fund, which incorporates exclusions of some stocks and sectors and positive tilting towards others on ESG grounds, as well as building in specific targets for carbon-footprint reductions.

The IGC were taken through both the objectives and the outcome of this review in some detail over the year, and believe that the review process was comprehensive, rigorous and soundly based, with a clear focus on improving your outcomes in retirement.

When will the changes take effect, and how will I be impacted?

A considered plan of phased transitions starting in May 2022 has been drawn up to minimise operational risk and market impact, as the transaction costs incurred by the transitions will be borne by the funds (and ultimately therefore by you, the customer) and so have to be carefully managed and taken into account in assessing the expected benefits. We are very pleased that Standard Life propose transitioning existing customer defaults rather than merely introducing new ones, but it does mean that the scale of transitions required were very considerable and so they have to be implemented in phases. We were reassured to see the level of care applied to this programme overall, but are concerned to ensure that customers for whom the changes are not expected to be so beneficial (given their current position on a glidepath for instance) are adequately provided for.

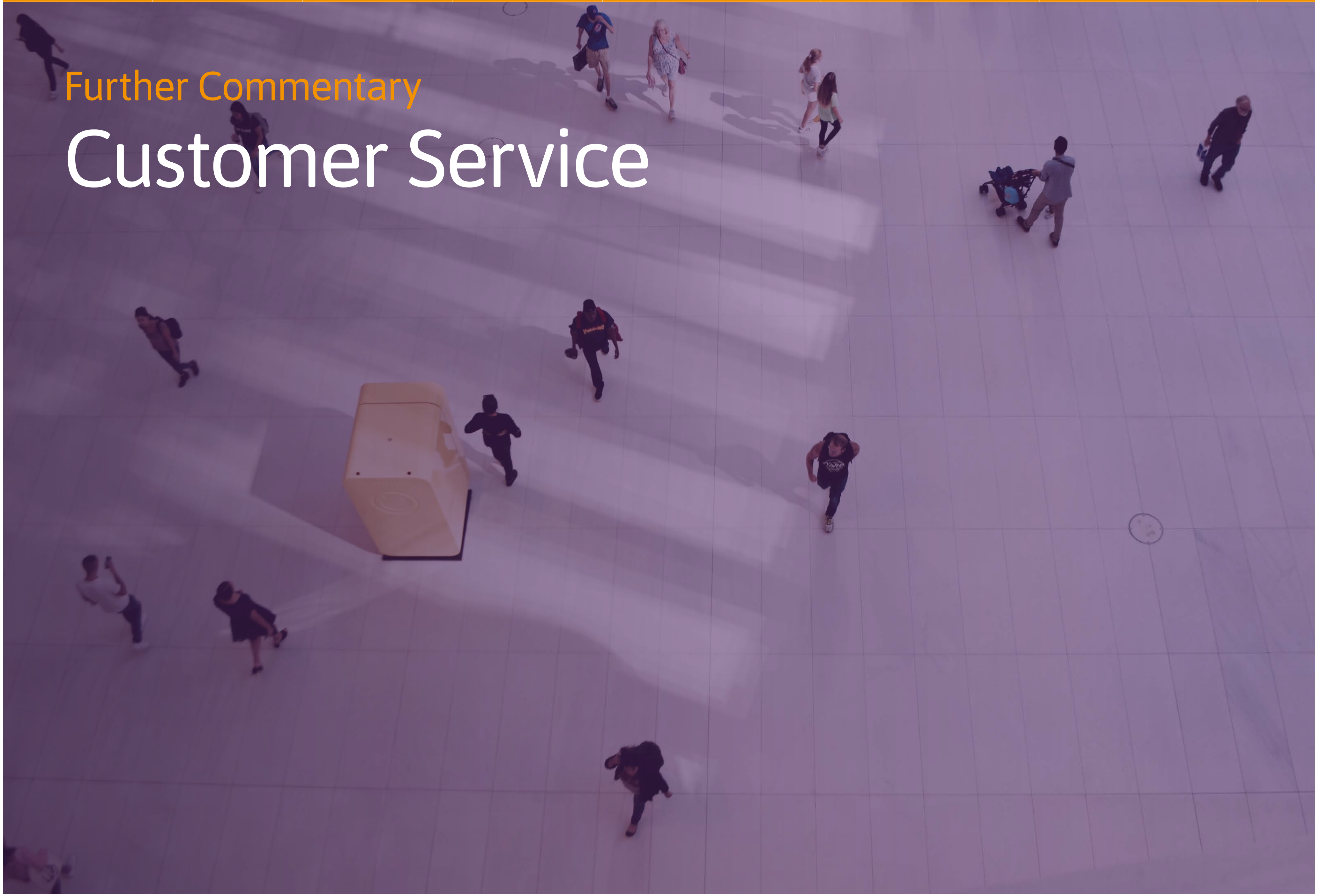
What evidence is there of ongoing review of my funds?

Standard Life's internal governance team report to us every quarter under a RAG system, providing commentary on why funds are flagging as amber or red, and whether any further action needs to be or is being taken, engaging with fund managers as necessary. Where Standard Life controls the mandate, their Manager Oversight team make recommendations to the group Investment Committee and can implement any changes to the mandate or manager required once approved. However, if you or your Employer had specifically chosen a fund, Standard Life would need to engage with you or your Employer's adviser to highlight poor performance, but ultimately you or your Employer would need to make the necessary switch.

This year we have seen further changes recommended and approved in terms of UK equity mandates, with changes due to be implemented in the current year. We have also seen further evidence of the evolution of the relationship with abrdn following the purchase of the Standard Life brand, simplifying previously vertically integrated mandate structures. abrdn however continues to be the main strategic investment management partner for Standard Life, and has won several key new ESG mandates.

Further Commentary

Customer Service



Further Commentary

Customer Service

What are we looking for?

The IGC's responsibility in respect of customer service under the FCA's regulations is to determine "whether core scheme financial transactions are processed promptly and accurately"[1]. Our actual assessment of customer service is much wider than this and in 2021 has focused on:

- Performance against target service levels (including the prompt and accurate processing of core transactions);
- How Standard Life has developed its services for customers with additional needs and vulnerabilities;
- How complaints are dealt with; and
- Continuous improvements to service that respond to customer needs and are designed to provide a high quality experience.

We assess a wide variety of information to make our assessment, including:

- Metrics which seek to measure the end to end customer experience on a quarterly basis, such as how long it takes transactions to be completed, or issues to be resolved.
- Customer survey satisfaction scores and feedback.
- Examples of recorded customer calls which are selected by Standard Life as representative of a range of customer demands, together with live call listening exercises.
- Complaint levels, resolution times, themes complained about and the action taken by Standard Life in response. We also monitor the number of complaints overturned by the Financial Ombudsman Service.
- The output of Standard Life's internal assurance activity and testing.
- The results of external benchmarking conducted by independent consultants.
- Information regarding business strategy and key projects which impact on the customer servicing approach and experience.

[1]FCA Conduct of Business Sourcebook 19.5.5 R2 (c)

What did we find in 2021?
Service levels and performance against key targets

Transaction processing

During 2021, Standard Life dealt with 415,601 manual transactions which was a 17% increase compared to 2020. The vast majority of transactions are automated and completed within their target time. The target for manual transactions is to complete 90% within 5-20 working days (depending on demand type). The IGC receives information on performance in relation to specific transaction types including payments in/out, retirement claims, fund switches, and bereavement claims. Detail on performance by transaction type is set out in the Supporting Material (Tables A & B – Core Financial Transactions). Bereavement claims processing has not met targets over 2021, as in 2020. Around half of these claims are processed within the target time of 20 days.

In 2021, performance against the target for manual transactions was an average of 95%. This compares with an average of 94% in 2020 and 97.3% in 2019. Over both automated and manual transactions, 99.7% were completed within 10 days in 2021 (2020: 97%, 2019: 99.7%).

The number of manual transactions which have taken longer than target time to process continues to increase. In total, there were 32,574 manual transactions completed over their target time in 2021 which is significantly more than in previous years (2020: 23,143, 2019: 9,328). See Table C in the Supporting Material for further detail. The number of cases over target did drop significantly in H2 which is encouraging. It is likely this is due to an improved resourcing position and the return to office based working. A challenge for Standard Life will be to maintain the reduction throughout 2022.

Bereavement claims

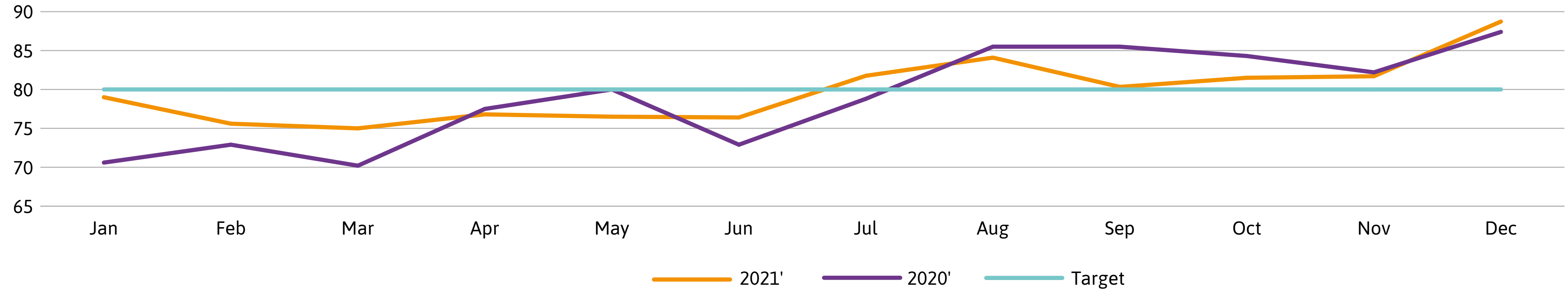
Bereavement claims continue to be a challenging area for Standard Life. Claims decreased in 2021 to more normal levels (3,095 in 2021 compared to 3,367 in 2020 and 3,066 in 2019). 58% are resolved within the 20 day target time. The average turnaround time during 2020 for settlement of bereavement claims increased to 29 days (2020:21 days, 2019: 18 days, 2018 28 days). 42% of cases take longer than 20 days to complete (2020: 33%, 2019: 28%).

It should be noted that bereavement claims have dependencies on third parties such as beneficiaries and legal representatives, which can create significant delays. Standard Life has undertaken an end-to-end review of the bereavement claims process this year, with a number of enhancements implemented to improve the experience for beneficiaries. Challenges for Standard Life will be to continue to simplify bereavement processing, and/or reassess target times for the modern environment, setting appropriate expectations with customers. It is important for Standard Life to continue to increase the number of customers who have completed the expression of wish information as this can significantly reduce delays.

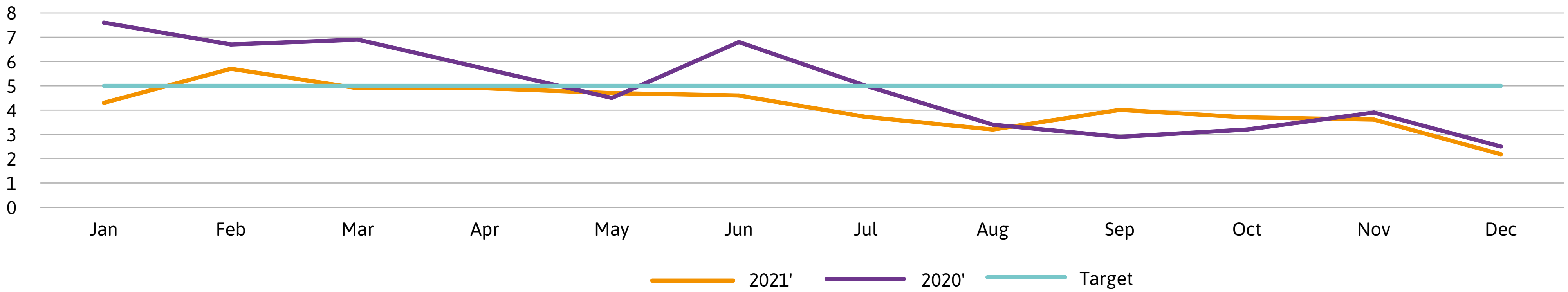
Telephony performance

Standard Life's internal targets are to answer 80% of calls within 120 seconds and have no more than 5% of calls abandoned after 20 seconds. Both metrics have been maintained above or around target during 2021. Details are in the charts below:

Calls answered within 120 seconds (%)



Call abandonment rate (%)



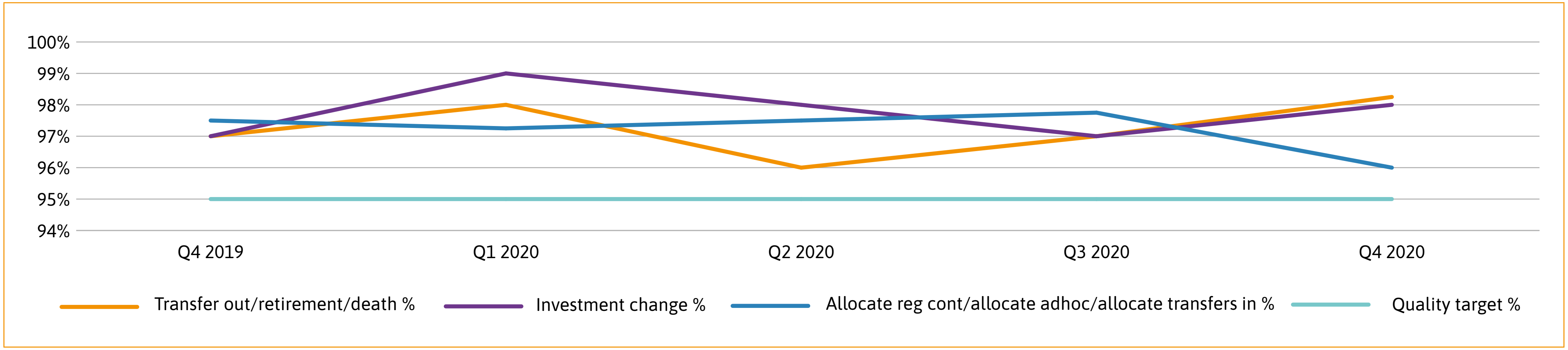
The handling of retirement claims has stabilised this year. Standard Life's internal target is to provide 90% of customers with their retirement benefits within 5 days, and overall in 2021 this target was met.

In addition to the telephony channel, the IGC notes that most customers have access to a digital retirement journey and more than 50% of customers choose this route. The IGC will continue to encourage Standard Life to develop its digital proposition and increase customer engagement with this option as an alternative to telephony – especially at peak times.

The IGC has found the recorded calls provided to us, along with live call listening, to be extremely helpful in understanding the experience of customers. We have noted the positive and supportive tone of call handlers and their responsiveness to what can be complex customer needs. We will continue to ensure we receive a good range of calls which are representative of transaction type and complexity.

Service Quality

The IGC has continued to monitor service accuracy and compare it to previous periods. Standard Life quality checks a statistically significant sample of each transaction type in order to monitor processing accuracy, customer experience and overall quality. The IGC notes that the target for "right first time accuracy" is that 95% of all transactions sampled will have adhered to the required process steps and be of an appropriate quality. Throughout 2021, this target has been exceeded by all processing types (see the table below for further details), and is broadly in line with 2020.



Where errors are discovered in transactions, an assessment is made to determine whether the error is an individual one or more systemic. Errors are corrected to ensure that customers suffer no detriment. Systemic errors are reported via an "incident" process to identify and remediate any customers impacted by the same issue, and ensure that processes are changed to prevent the error arising again.

Digital Services

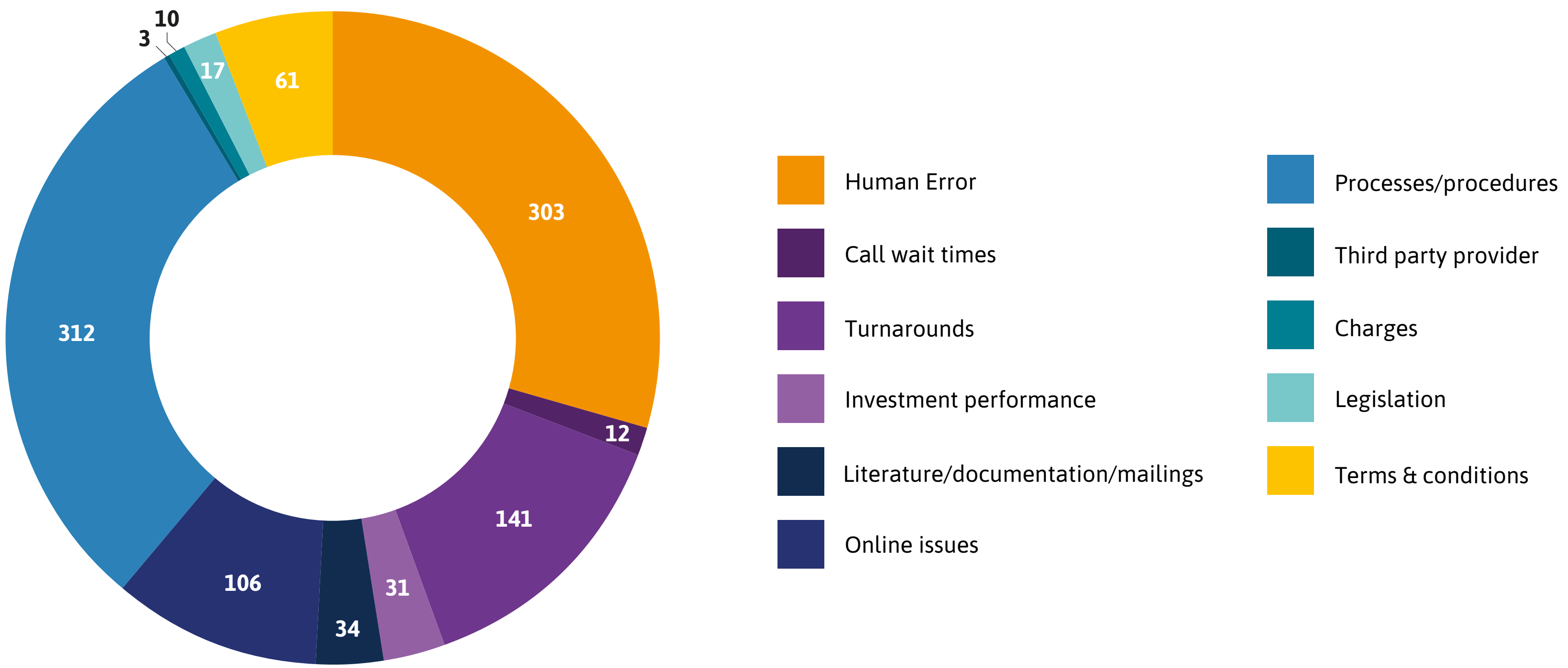
Standard Life continues to develop digital services and a wide range of transactions can now be conducted online for most products via the customer dashboard and app. Improvements in 2021 have included enhancements to online journeys and additional transactional functionality on the Standard Life app.

Complaint Handling

During 2021 Standard Life received a total of 1,031 complaints from workplace pension customers. This is higher than 2020 (774) but more in line with the 2019 figure (1,010). The IGC notes that complaint levels are low at around 9 complaints per 100,000 policies per quarter.

The most common reasons for complaint amongst customers in 2021 continue to be processes/procedures, human error and turnaround times. This covers issues such as the length of time to answer calls or process transactions, and processing errors or inaccurate information. These themes account for around two thirds of complaints, as in previous years. Further information in relation to complaint reasons is set out in Table F of the Supporting Material.

Root cause complaints 2021



Most complaints are resolved within 10 days. However there are a small number of cases that can take considerably longer to resolve due to complexities. Standard Life have processes in place to identify and manage these cases to resolve them more quickly.

Of the complaints received in 2021, 53% were upheld by Standard Life and the others rejected. This compares to 50% in 2020 and 45% in 2019. A total of 19 complaints were referred to the Financial Ombudsman Service during 2021 (four in 2020, and five in 2019). Ten of these complaints were subsequently declined by the Ombudsman, and decisions are awaited in respect of the remaining nine.

Based on information published by the Financial Services Ombudsman for the period July to December 2020, the industry average for the life and pensions complaints category is 77.5% upheld[2] (in favour of the provider) (2020: 81% 2019: 78%).

The IGC has reviewed a sample of complaints to assess how they were resolved. We are satisfied complaints were handled fairly with clear communication of the outcome to customers.

Service enhancements

Significant improvements have been made to the tracing of gone away customers (those who are no longer contactable at the address held). The success rate for tracing is now around 80%. This significantly reduces the risk of unclaimed pensions and improves customer outcomes.

A challenge for Standard Life is to record more personal email addresses for customers given that individuals (especially younger customers) are more likely to move residential address than change their personal email account.

Customer survey and feedback results

Standard Life conducts a number of customer surveys to measure customer satisfaction and experience and the high level results of these are shared with the IGC. Customer satisfaction scores remained at or above the benchmark for almost all of 2021.

Vulnerable Customers

The IGC continues to receive regular updates on how services meet the needs of customers with challenges due to their individual circumstances or underlying conditions. Standard Life adheres to the FCA's final guidance (FG21/1) on the treatment of vulnerable customers and is developing a new set of vulnerable customer standards and MI in response.

Standard Life has "helping hand" champions within their operations to better support colleagues dealing with vulnerable customers. Standard Life also captures data regarding vulnerable customers to support tailored services for them. All staff are required to complete an e-learning module regarding vulnerabilities, with in depth training provided for contact centre staff.

[2] https://www.financial-ombudsman.org.uk/data-insight/half-yearly-complaints-data

Standard Life also provides various accessibility options for customers including translation services where possible for non-English speaking customers, Braille and alternative format communications and has obtained AA accessibility standards for the secure customer website.

How does Standard Life compare with other pension providers?

Standard Life participated in an external benchmarking exercise comparing servicing data with that of other providers. Standard Life compared favourably with other providers. It is very strong in relation to prompt processing of core financial transactions, tracing customers who had lost contact, online service usage, automated processing levels and call wait times.

What are our conclusions in relation to value for money?

The value for money section sets out the criteria taken into consideration by the IGC in its assessment of value for money, including customer service. The IGC has concluded an overall rating of Green for customer service element of value for money (scoring 36 out of 42 or 86%

It is noted that there have been some challenges from the pandemic environment which have required management during 2021. Despite this coupled with increased customer transactions, Standard Life has met its internal service standards for almost all demands during the year. Further work is required in relation to bereavement claims processes, although it is acknowledged that there are similar challenges across the industry in this area. External benchmarking compared Standard Life services favourably to those of other providers.

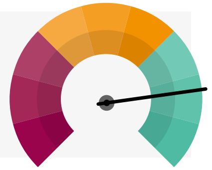
Further Commentary

Communication and Engagement

Further Commentary

Communication and Engagement

Overall, communication and engagement at Standard Life was assessed as GREEN with a score of 21 out of 21.



Why are communications from Standard Life important?

Communications in whatever form – by letter, email, text message, through the website, app, or by telephone – are essential to provide you with information about your pension pot and about services that Standard Life offers you.

But, providing you with information alone is not sufficient to enable you to make informed choices. Standard Life must also engage with you as a customer to ensure that:

- the language and format used are understandable to you, signposting you to any action you should take and where to find out more;
- information is given to you at the right time; and
- information is given to you through an appropriate channel.

Communications form part of our Value for Money assessment

Your IGC are responsible for ***assessing*** whether Standard Life's communications to customers are **fit for purpose and properly take into account customers' characteristics, needs and objectives** (the 'fit for purpose requirement').

What does this mean?

Standard Life has given careful thought to the challenge presented by this IGC responsibility, what 'fit for purpose' means in this context, and has agreed with the IGC the following meaning:

"A communication which takes into account the needs and objectives of the customer and is provided to them in a timely fashion. It should contain content which is relevant, salient and informative, taking into account the financial literacy levels of the customers. The content of a communication should support the customer to recognise the information they may need to know or the appropriate action(s) they may need to take, which enables them to keep on track with their retirement plans and support their desired outcomes."

We have assessed a range of communications produced by Standard Life during 2021, including:

Informative Communications: providing customers with necessary information and educational material to support their understanding, including communications issued where there is a regulatory requirement.

Action-Focused Communications: designed to encourage customers to complete a call-to-action to assist their retirement outcome – for example, reviewing investments and contributions, nominating beneficiaries, or registering online.

Customer Journeys: journeys designed to support customers to take steps towards their desired outcome at retirement, including both digital options and over-the-phone.

What steps has Standard Life taken to embed the fit for purpose requirement in communications with its customers and how will the IGC assess this?

1. Working with the IGC, in 2020 Standard Life developed a Fit for Purpose Protocol, detailing four separate stages to be completed by the author of any relevant communications. To see this Protocol, **click here**.
2. To meet IGC requirements, this Protocol is used by the author of any material communication to record, before and during the preparation of the communication, how the fit for purpose requirement is being met; and after the communication has been issued, the protocol document is used to record what evidence exists to demonstrate that the communication's purpose has been achieved. It should also be used for 'lessons learned' to ensure communications are adapted and improved if the evidence demonstrates the communication's purposes have not been satisfactorily achieved.

The Fit for Purpose Protocol has now been embedded within the customer communications processes of Standard Life. It is the evidence collected through the use of this Protocol in 2021 that the IGC has used to assess the extent to which Standard Life is complying with the fit for purpose requirement. The IGC reviewed a sample of communications and the corresponding Protocol documents completed to see if Standard Life is producing communications which are fit for purpose, is monitoring their impact, and is making changes when needed. Although it is not practicable for the Protocol to be used for every single communication issued to customers, the IGC expects Standard Life to adhere to the fit for purpose principles in every form of communication to its customers.

What impact is this Fit for Purpose Protocol having on Standard Life's communications and engagement with you?

Standard Life has embraced the new Protocol with enthusiasm, using information and data gathered from their already well-established customer engagement programme. It is clear that the Protocol provides a consistent and systematic framework for designing and evaluating every material piece of customer communication. Its ultimate aim is to improve the quality and efficiency of communication, as well as enhance customer engagement and experience.

Standard Life has also used the rollout of the Protocol to provide further training to its staff involved in preparing communication material, including training on how to use and complete the Fit for Purpose Protocol. Currently, they have more than 30 'super users' trained on the Protocol and around a further 100 colleagues have also received the training. A recorded video of the training presentation is provided as a refresher module for experienced staff, and as a training module for any new joiners.

There was one notable instance during the second half of the year when a draft communication was presented to IGC members for review which had evidently not been through the Fit for Purpose Protocol, and was not of a satisfactory standard. This related to some material changes being made to Standard Life's lifestyle funds, affecting over a million customers. The IGC members were disappointed to see this, and we expressed our concerns to Standard Life that the Protocol had not been embedded as thoroughly as we had been led to believe. Further enquiries established that this did appear to be an exceptional case, involving a colleague new to the business, and that the draft communication had been brought to the IGC at an early stage in its production, so was not the finished article. IGC members worked with the team responsible for producing the communication to provide clear guidance on our expectations, reviewing later drafts and the Fit for Purpose Protocol once it had been completed retrospectively. Ultimately, the IGC was satisfied that the final communication produced was fit for purpose, and that lessons had been learnt within the business. These lessons were:

1. that the Protocol should be used from the outset, to inform the approach taken to the communication, before 'putting pen to paper';
2. that there needed to be a single author responsible for taking feedback and incorporating it into the document (to ensure consistency of purpose, terminology and tone, as the content develops); and that
3. Senior management with ultimate accountability for the communication needed to be trained in the use of the Protocol, so that they can set clear expectations with colleagues that the Protocol is the starting point for drafting any material customer communication, and should be considered and updated throughout the process. This training of senior colleagues has subsequently taken place, as they are a key part of the final review and approval process for material communications.

Communications assessed under the Fit for Purpose Protocol

There were some good examples of successful communications which went through the Fit for Purpose Protocol during 2021, and we set out some of those examples here, including explaining how Standard Life has engaged with customers to improve these communications.

1. Age 35 Milestone Communication

This is an example of an 'Informative Communication' which is sent to customers by email or as a letter and brochure when they reach age 35, and are moving from the 'starting out phase' and into the 'growth phase' of their pension savings journey. The aim is that customers gain greater awareness of the choices they have in relation to growing their pension savings, and where they are currently in relation to their savings goals.

Two versions of the Communication were tested (Versions 'A' and 'B') over a 6 month period, to see which prompted most customer engagement (in email format, monitoring was done of email open rates; rates of clicking through to the links in the email; subsequent logins to Standard Life's App or online secure sites to increase monthly payments). Version B was more successful at generating open rates than Version A through the email mailing (34% versus 29%), and slightly more successful at triggering customers to take action (7.9% increased their monthly contributions by more than 10%, versus 7.1% of those receiving Version A).

An independent research company was commissioned by Standard Life to conduct in-depth interviews with 6 customers who received the Age 35 Milestone Communication, to see if the customers understood the content, and whether it met their needs. The participants confirmed the communications were clear and that they were encouraged to go on to review their pensions and investments as a result of reading the communication. Version B has now been adopted as the standard version issued to customers when they reach age 35.

The IGC are satisfied that Standard Life's Milestone Communications do meet the fit for purpose requirement, and provide useful information to customers.

2. Beneficiary Communication

This is an example of an 'Action Focused Communication', which involved preparing a one-off letter to be sent out in phases to all eligible customers who were not registered online, and who did not have a named beneficiary nominated on their pension plan. The aim was that these customers would become aware that: they did not have a named beneficiary nominated currently; the importance of nominating a beneficiary; that it was easy to do this; how to do this; and that, once they had registered online, there were a number of important details they should keep up to date (such as nominated beneficiaries and contact details).

The communication was tested with three experiments; firstly, testing letter versus email, which demonstrated that significantly more customers responded to the letter and went on to register online (20% of letter recipients versus 3% of email recipients). 52% of customers who registered online then went on to nominate a beneficiary. 7% of customers who nominated a beneficiary then also updated their selected retirement date, which was not prompted by the letter. The fact that 48% of customers who registered online did not then complete the nomination of beneficiary option prompted Standard Life to do follow up calls with a sample of 10 of these customers, to see if they had experienced barriers to completing this step. This led to a change to the design of the online portal to make the 'Save' button more visible, as some customers had thought they had nominated a beneficiary but their details had not been saved. Standard Life concluded that the letter was far more effective than an email for prompting customers to take action, so decided to adopt this approach for the phased bulk mailings of the communication exercise. The original letter was then tested against two other versions, to find the version which was most successful at prompting customer action.

This testing work was undertaken in 2021, and the bulk mailings took place in January and February 2022 (just outside the reporting period of this report). The outcome was that, of the 166,114 letters sent, 26,164 (15.75%) of the recipients went on to register online, and 19,020 (11.45%) of the recipients nominated a beneficiary. 38% of customers who took action to register online for the first time did so using the QR code included on the letter, indicating substantially increased familiarity and ease with QR codes since the Covid-19 pandemic. Registering online also prompted customers to update other personal details, download the App to their mobile devices, and start the process of consolidating their pension pots.

The IGC is pleased with the effort and rigour that Standard Life have demonstrated in their approach to preparing and testing Action Focused Communications, seeking to ensure customers are aware of the action they can take for the benefit of themselves and loved ones, and making it easy to take that action.

3. App Journey for Nominating Beneficiaries

This is an example of a 'Customer Journey' the IGC assessed under the Fit for Purpose Protocol. Standard Life explained that the purpose of adding the 'Beneficiary Journey' to the Standard Life App was to make it as easy as possible for all customers who interact with the App to add or update their beneficiaries. Introducing the option to nominate or change beneficiaries via the App complemented the existing Dashboard journey (the ability to update this information online), and the letters being issued to customers to remind them to nominate a beneficiary.

Customer feedback received at the beginning of 2021 highlighted a challenge with adding a second beneficiary on the App. The Journey was subsequently adapted (going live in May 2021), to make this action easier to complete, and to provide clearer information at the start of the Journey about the steps and information that the customer would need to complete the action. The IGC have seen evidence that rates of successful additions and updates to nominated beneficiaries have increased, and Standard Life has informed the IGC that no negative feedback has been received since the changes were made. The IGC are pleased to see this development of the functionality available to customers via the App.

4. Investment Pathways Communications

This is another example of 'Informative Communication', and is a mandatory communication that customers who want to access Investment Pathways must see. 'Investment Pathways' is the name for four options (or 'pathways') available to customers when they reach age 55 and above and decide they want to start accessing their pension. Many people choose drawdown products without receiving independent financial advice, and may struggle with making important investment decisions at their point of retirement. Drawdown products allow you to start taking lump sums or regular amounts from your pension pot, while the rest of your funds remain invested. The aim of the Investment Pathways options is to provide appropriate support and solutions for those making key retirement decisions, and offer four simple options to choose from, depending what outcome the customer wants to achieve. This should lead to non-advised drawdown customers choosing investment solutions that better align with their objectives for retirement. Standard Life describes the Investment Pathways as the 'Help Me Do It' approach.

Standard Life has structured the customer journey so that customers need to take an active investment decision when first moving into the drawdown phase of their pension savings journey, so they cannot just 'default' into their existing investments when moving to drawdown (but customers can still make an active choice to select their existing funds under the 'Let Me Do It' route).

By the end of 2021, 88% of customers going into drawdown were choosing an Investment Pathway option, with just 12% choosing the 'Let Me Do It' option instead. This suggests that the communications explaining the Investment Pathways are proving effective. More details can be found on the IGC's assessment of Standard Life's Investment Pathways **here**.

Investment Pathways customers who provided feedback gave a high score (97%) for their experience of first time and subsequent withdrawals of funds, with customers appreciating the ease of the process each time.

Standard Life commissioned external research into the Investment Pathways journey and experience for customers in early 2022, based on customers' experience of entering an Investment Pathway during 2021. This research concluded that the journeys were fit for purpose, customers trusted Standard Life and valued the support they are provided. The findings also highlighted that customers acting in a contradictory manner to what the Pathway they had selected is designed for, did understand the 5 year objective of the Pathway they had selected, and had therefore made an informed decision to take an action which the Pathway was not designed to support. Letters are being sent to customers who take action which is contradictory to the Pathway they have selected, to remind them of the objective of the Pathways and to prompt engagement and a review of the continued suitability of the Pathway selected.

The IGC are satisfied that the Investment Pathways communications meet the fit for purpose requirement.

Engagement activity

Embedded in the Fit for Purpose Protocol is the need for evidence of how each communication has been designed and/or presented to make it as accessible and appealing as possible to the customer. Standard Life maintains that customer insight is critical to understanding the needs, feelings and feedback of customers in relation to all aspects of their experience with Standard Life.

So what other evidence have we seen during 2021 of Standard Life engaging with customers in order to gain insights and understand the challenges facing them? And how has that impacted on Standard Life's communications with customers?

During 2021, Standard Life continued to collect customer insight through three routes: the Voice of the Customer Programme, the Customer Connection Programme and Customer Quest.

Voice of the Customer Programme

i. Telephony: 'Rant & Rave' is the short survey of customers after telephone calls on specific interactions. Information is collected on call quality, ease of experience, complaints and the overall brand. The information from this is passed on so that there can be an immediate call to the customer to understand how the journey or experience can be improved, ensuring quick implementation of any improvements.

ii. Digital: 'Journey & Page Ratings' allows customers the opportunity to review an online journey through a considered response, or to rate a webpage they have accessed through an instant response. This records a customer's satisfaction with the process, capturing the reason for the journey and any challenges the customer faced. This supports immediate service recovery and quick implementation of any necessary improvements.

iii. Journeys: An end-of-journey survey is issued after a customer completes a journey to consolidate their pension pots or to encash their pension for retirement, and also where a customer transfers all funds away from Standard Life.

Key metrics coming out of the Voice of the Customer programme for 2021 showed the following feedback from customers, compared to the corresponding figures in the prior year:

	2020	**2021**
% who rated their call experience as excellent or good	**92%***	**92%***
% who said it was extremely easy or easy to achieve what they wanted	**86%**	**87%**
% who rated their overall satisfaction with Standard Life as excellent or good	**90%**	**90%**
% who rated their online experience as excellent or good	**95%***	**95%***
% who said it was extremely easy or easy to transfer their pension	**93%**	**93%**
% who rated their retirement experience as excellent or good	**88%**	**91%**

*exceeded target

These scores from the Voice of the Customer programme indicate that customer feedback across all channels continues to be strongly positive overall, with scores staying consistent or showing improvements on the 2020 results. Standard Life attributes this to the insights gained and corresponding actions taken as a direct result of the Voice of the Customer programme, and other communications and engagement initiatives.

Customer Connection Programme and Employee Engagement Programme

The IGC consider that a key part of taking into account the customer's needs, objectives and characteristics is actually understanding who the customers are and their stage in life. The IGC are aware that, in 2018, Standard Life undertook a detailed analysis of its customers to ensure that it understood who its customers were, its customers' needs, and how these needs varied across their financial life stages. This analysis is validated through insight collected on a yearly basis and supports a deeper understanding of its customers who are broadly in four life stages:

i. starting out, in the early part of their savings journey;

ii. in the growth stage (typically 35-50 years);

iii. in the final stages of accumulation into their pension (typically 50 to 64 years), preparing to retire; or

iv. customers who are semi or fully retired (usually age 55+).

The IGC have seen evidence of how Standard Life, armed with this background understanding, has collated information on whether communications are being opened by its customers and, where appropriate, action taken – which is a key indicator of whether its communications are fit for purpose. Data has been collated and analysis made of results from 2021, dividing results as they relate to customers at the four different stages.

Standard Life has produced data bi-annually for the IGC to demonstrate the performance of each email communication produced as part of its Employee Engagement Programme. The results demonstrate how all the communications achieve an open rate and click-through rate that is more than double the mean industry benchmark provided by IBM, in addition to succeeding in driving significant uplifts in customer activity to login to or register for online services. These factors, and the evidence provided of extremely low levels of customers unsubscribing from the communication, continue to provide the IGC with confidence that the Employee Engagement Programme communications are being utilised by customers to support them in taking steps towards an optimum outcome in retirement.

A challenge the IGC laid for Standard Life last year was to roll out A/B testing (i.e. testing of two or more versions of a communication to see which is most effective) to a wider range of activity. We are pleased to report that Standard Life has demonstrated that A/B testing is now standard practice within its Customer Communication programme.

Customer Quest

Quest is a quarterly online survey sent out to 50k randomly selected customers. The Customer Quest Survey also provides us with evidence of levels of satisfaction in some key areas of communications during 2021: The Customer Quest Survey also provides us with evidence of levels of satisfaction in some key areas of communications during 2020:

	31 December 2020	31 December 2021
Quality of email communication	82%	84%
Quality of communications sent by post	80%	81%
Quality of online services	85%	87%
Quality of service when you call us	85%	87%
Satisfaction with the information provided to make decisions on my pensions and investments	63%	69%

These Customer Quest results show improvement in all categories over 2021, which the IGC believe reflects Standard Life's efforts to achieve continuous improvement. The IGC have previously expressed concern that a significant minority of customers felt that they did not have enough information from Standard Life's communications to make decisions on their pensions and investments, and that the score for this measure remained at 63% in 2020 (consistent with 63% in 2019). The IGC note that the score for this measure has increased to 69%. It is pleasing to see an increase in satisfaction on this measure during the year, although this still leaves significant room for further improvement. However, we also take into consideration the context that Quest is a generic survey sent to 50k customers at random each quarter. The results of more targeted surveys and feedback exercises with customers who have recently made specific decisions on their pension or investment choices indicates a more favourable view of the information provided by Standard Life to support that decision.

Evidence of effectiveness of communications on pensions and investments:

MoneyPlus Blog is an email newsletter which achieves high open rates (the table below relates to all Standard Life customers, not just those covered by the IGC):

Measure	Dec 2021	Nov 2021	Oct 2021	Sept 2021	Aug 2021	July 2021	June 2021
Numbers issued	1.17m	1.16m	1.11m	1.11m	1.11m	1.10m	1.10m
Open rate	48.9%	39%	35%	37%	36%	38%	38%
Click through rate	8.9%	6%	3%	6%	5%	4%	4%
Click to Open Rate	17.8%	16%	10%	16%	14%	11%	11%

Digital

Investment Hub on the Online Dashboard

An example of evidence gathered from Customer Quest is in respect of the information about investments made available to customers on their pension information dashboard which they access online. Customer feedback in 2020 had shown that:

i. customers felt that the online dashboard did not hold enough information about investments; and

ii. customers didn’t understand enough about investments and were looking for guidance.

As a result of this, a new Investment Hub was launched towards the end of 2020. This is an online facility which can be accessed through a tab on your pensions dashboard; it incorporates customer guidance, information about funds and an online selection tool designed to help you narrow down potential fund options, based on the criteria you select in the online tool. Standard Life set a target for 2021 of 100,000 customers exploring the content on the Investment Hub. This new initiative demonstrated how engaging with the customers and getting insight to their needs enabled Standard Life to gain a better understanding of customers' needs; in turn, Standard Life has been able help customers gain understanding and choose their investments. Challenges set for Standard Life by the IGC last year were: to seek customer feedback as to whether customers with access are using the Investment Hub; whether they are finding this additional support helpful in making decisions; and to progress the project to make the Investment Hub accessible to all customers. Some statistics on the usage of the Investment Hub are:

- There has been a total of 156,548 unique homepage reviews between January 2021 and December 2021.
- 66,079 unique click interactions on the Modules, with the two top modules clicked being "Risk – Find the right choice for you" (24,355 unique clicks) and "Growth – see how your pension is performing", 19,133 unique clicks (January to December 2021).
- "Pick your own investments" (3,162 clicks) and "Investment basics" (2,070 clicks) were the most popular selections in the Quick Investment guide tiles (January to December 2021).

Digital literacy initiative

Standard Life, together with the other businesses within the Phoenix Group, launched a digital literacy initiative during 2021, following customer research that indicated this would be valued by less digitally confident customers. Standard Life's website now hosts a section covering Digital Guides and 'People Like Me'. The Digital Guides cover foundational digital topics, designed to help customers build their digital confidence and take advantage of the online financial tools available to them. These include animated videos, with accompanying guides. Topics covered are:

- An overview of the programme – Digital Essentials
- Getting started – explaining the difference between different types of devices, browsers etc
- Staying safe online – how to make sure operating systems and browsers are kept up to date with the latest security patches
- Trouble-shooting when things go wrong

Customer research on digital services

Research was carried out by an external research company with 24 existing customers and the results were fed back to Standard Life in December 2021. The research was carried out to evaluate the current Standard Life App and Dashboard, and to explore opportunities for development. The feedback received was:

Customer research on digital services

Carried out ongoing research. Standard Life issued a COVID-focused Customer Quest survey to gather customer feedback relating to the impact COVID was having on their financial stability. This was used to gain a deeper understanding of COVID's impact and how Standard Life could best support customers during 2021;

- Guides currently available are well-liked/useful, particularly as they are broken down by topic and not in PDF format.
- They are short reads, and when read, do increase engagement/understanding.
- **Key take-away –** Less engaged dashboard users were pleasantly surprised by the full content available to them (especially tools/guides/Investment Hub). Based on the feedback, Standard Life has also pulled out the ESG guide into a tile on the homepage as it knows responsible investing is important to its customers. Standard Life has also applied an ESG filter functionality to its fund filter tool to make it easy for customers to find those available to them.

Financial Confidence:

- Investment Hub, as it stands, is positively appraised – customers felt it met their needs by covering the basics and more advanced management.
- Graphs were well liked for viewing comparisons.
- **Key take-away –** Customers are engaging with the content and learning from it. Standard Life has scope to expand the level and depth of information provided, ensuring that this is clearly labelled as 'advanced' for those who want it. Market benchmarking is something else Standard Life says it intends to explore when looking to improve on existing content. Standard Life has identified that, by including this information, it can tackle the challenge of disrupting customers' natural behaviour to delay engagement with their pension until later in life by helping them with understanding/relevance and allowing them to focus on outcomes.

Conclusion:

SCORING: Standard Life has continued to evidence strong forward momentum in the area of communications and engagement. Recognising this, we would award them a RAG rating of GREEN.

Further Commentary

ESG and Stewardship

Further Commentary

ESG and Stewardship

IGCs are required to consider and report on how ESG considerations and other aspects of what it is often called "Responsible Investment" are taken into account in the provider's investment decisions that impact in-scope customers' pension pots and/ or investment pathway funds. This is an important part of the Government's strategy to ensure that pension savings play their part in combatting climate change and promoting good outcomes for society as well as good outcomes for pension savers.

Our role is to review three key areas of investment considerations, looking at what the provider intends to do regarding each (i.e. their "policy") and how good they are at doing it (i.e. "implementation"). The three areas are:

- ESG financial considerations ("environmental, social and governance factors (including climate change) that are material to the sustainability of an investment");
- Non-financial matters ("factors which may influence a firm's investment strategy or decision, and which are based on the views (including ethical concerns regarding environmental, social and governance issues) of the firm's clients or relevant policyholders"); and
- Stewardship (which the FRC (Financial Reporting Council) define as: "Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society").

The Phoenix Group, of which Standard Life is a part, takes its responsibilities to the environment and wider society very seriously. For many years, it has published reports of its activities in these areas, and these can be found on the Phoenix Group **website**. While setting helpful context for the IGC's assessment, our focus is narrower and is concentrated on the adequacy and quality of the policies that impact the investment returns that in-scope customers receive.

In last year's report, we outlined the important steps that Standard Life had taken, as part of a wider initiative across the whole of the Phoenix Group, to ensure Responsible Investment principles were taken into account in their investment **decision-making**.

In 2021, significant further progress has been made to strengthen the policy framework that applies and ensure that it is robustly implemented. In particular:

- Standard Life has further strengthened its **policy framework**. The policies that deal with the relevant financial risks have been updated to state in detail Standard Life's approach to non-financial factors (such as ethical, religious or social impact considerations) that can impact long-term investment returns. An Exclusions Policy has been developed that sets out the principles that should drive decisions around when it would be appropriate not to invest in certain companies or investment sectors. A Group Stewardship Policy has been developed that outlines what Phoenix Group means by "stewardship" and details its commitment to support effective engagement with the companies that it invests in, both directly and through its asset manager partners.

- Standard Life has further strengthened the **governance infrastructure** around Responsible Investment, to ensure that the policy intentions are definitely carried out, and can be seen to be. Quarterly review meetings are now held with its key asset manager partners that include a detailed analysis of their Responsible Investment activity, resources in place and plans for the future. In addition, an even more in-depth assessment approach has been piloted with one asset manager partner, which led to a number of additional findings which are now being addressed.

- Following the development, in 2020, of a **new default fund** option that is built around ESG-influenced investment choices, Standard Life has reviewed the Responsible Investment content of all its Active Plus and Passive Plus workplace default funds and developed a roadmap to transition 1.5million customers and over £15bn of assets into new, sustainable, default funds in 2022.

- In order to increase the **choice of options** for those customers who are particularly keen to have the investment of their savings reflecting particular ESG values and concerns, Standard Life has added an extra 8 funds to the range that customers are able to choose from.

- Phoenix Group played a leading role at COP26 (the United Nations climate conference held in Glasgow in November 2021), working with sector peers to highlight the important role of private finance in combatting climate change. Phoenix has also extended its strategic industry partnerships to promote collective action on climate **change**.

The IGC has been pleased to see so much progress in 2021. There is still more to be done, particularly in the implementation of the new, sustainable default fund range, and also in the area of communication – helping customers to see the beneficial impact on the environment and society of how their pension pots and drawdown funds are being invested. Nevertheless, 2021 has been another good year as far as ESG and Stewardship are concerned.

IGC conclusion:

Standard Life's policy on ESG matters and Stewardship is clearly set out.

- It covers the key financial risks, and also opportunities, arising from ESG considerations.
- It sets out clear standards that must be followed in the investment of in-scope customers' savings, where that investment is carried out on behalf of Standard Life.
- It highlights the importance of being responsible investors, having a policy of active engagement with the firms that are invested in, including exercising voting rights and holding management to account over their governance standards and business behaviour.
- The policy framework also recognises the significance of non-financial matters to many customers, and a range of appropriate investment options is available to respond to their ethical concerns.

The standards are linked to the United Nations Principles for Responsible Investment, which is a helpful reference point as to adequacy and quality, as is the positive result of the external consultant-led review that we commissioned in 2020.

Thus the IGC is able to confirm that the Standard Life policy on ESG financial and non-financial matters, along with Stewardship, is both adequate and of an appropriate quality.

The implementation is built into the existing Group-wide Risk Management Framework and so is subject to regular monitoring and reporting. In addition, the oversight of its implementation in asset manager partners is clearly evidenced, with action plans to further strengthen the implementation in place and regularly monitored.

In the comments above, the IGC has given a flavour of what has happened over 2021. Those readers who wish to know more about any area highlighted here can find additional information in the appropriate **Supporting Material**.

The IGC is pleased to rate Standard Life **GREEN** in this area, and looks forward to see what further developments 2022 will bring.

Further Commentary

Investment Pathways

Further Commentary

Investment Pathways

Standard Life launched its Investment Pathways proposition in February 2021, in line with the introduction of new rules by the regulator, the Financial Conduct Authority.

Investment Pathways was a new initiative, introduced by the regulator, to enable providers like Standard Life to develop a proposition aimed at customers taking retirement benefits who did not wish to engage a financial advisor in the process. The regulations require that such customers are asked to choose between one of four options, with the provider then offering what it believes is an appropriate investment option for the associated pension pot. These four options are:

1. I have no plans to touch my money in the next 5 years
2. I plan to use my money to set up a guaranteed income (annuity) within the next 5 years
3. I plan to start taking my money as a long-term income within the next 5 years
4. I plan to take out all of my money within the next 5 years

Before the proposition design was finalised, the IGC reviewed the potential VfM that it represented and concluded that it represented reasonable value for money at that time and offered the prospect of good outcomes for customers. We set out our detailed findings in a separate report that is available on the IGC's **webpage**, including a note of the areas that we would be particularly monitoring post launch.

Since then, the IGC has regularly monitored the VfM being delivered by Standard Life's Investment Pathways product, using the same assessment areas as we use in the rest of our VfM analysis described elsewhere in this report, namely:

- Costs and charges;
- Investment performance;
- Customer service; and
- Communication and engagement; and
- Investment services.

We have also worked with Standard Life to develop appropriate MI (management information) to enable us to monitor ongoing VfM, and also ensured that Standard Life took part in industry benchmarking of Investment Pathways in order to help inform our VfM analysis. Both these activities were noted, in last year's IGC report, as our Key Challenges of Standard Life in this regard.

The purpose of this Further Commentary is to provide more detail on the IGC's VfM assessment summarised in the corresponding Key Messages **section**, along with some relevant statistics on the size of the Investment Pathways business that we have reviewed for the purpose of this report.

Size of the Investment Pathways business

At the end of 2021, Standard Life had 17,603 Investment Pathways customers, with investments in Investment Pathways funds totalling £762.8m.

The following table shows the spread across the four possible Investment Pathway options at that date.

	Pathway 1	Pathway 2	Pathway 3	Pathway 4
Customers (17,603)	6,419	765	4,434	5,985
Assets (£762.8m)	£320.6m	£33.1m	£268.6m	£140.6m
Average size of pot	£49,940	£43,208	£60,568	£23,492

As can be seen, most of the Investment Pathways assets are in options 1 and 3. Around one fifth of the assets are in Pathway 4, but chosen by around a third of customers – hence the smaller average pot size for this option. Very few customers have so far selected Pathway 2.

Because the charges that Standard Life apply vary by the size of Investment pathway pot, it is helpful to see the proportion of customers with different sizes of pot:

Proportion (%) of customers within each Investment Pathways pot size for each pathway						
	up to £25k	£25k - £50k	£50k - £100k	£100k - £250k	£250k - £500k	£500k +
Pathway 1	44.1%	26.7%	18.5%	9.2%	1.3%	0.2%
Pathway 2	48.9%	27.1%	17.5%	6.0%	0.5%	0.0%
Pathway 3	36.3%	28.2%	21.9%	11.5%	1.8%	0.3%
Pathway 4	69.9%	20.7%	8.0%	1.3%	0.1%	0.0%

Costs and Charges

At the time of the pre-launch assessment, it was becoming clear that Standard Life's approach to Investment Pathway pricing was different to some other competitors. In particular, Standard Life was proposing to apply the same charge, irrespective of which of the 4 possible investment pathways a customer selected. The IGC also had evidence that suggested that, for some investment pathways, the proposed Standard Life charge could turn out to be towards the top of the market range. We challenged Standard Life on this and were very pleased when, in May 2022, the level of charge was reduced for Investment Pathway pots between £25,000 and £500,000.

The charge level is not so competitive for pots of under £25,000, particularly where Investment Pathway 4 is chosen (since some providers charge less for this option than for some of the other investment pathway choices). The average size of Investment Pathway 4 pots in Standard Life has been consistently below £25,000 since the proposition was launched and relevant customers could save themselves up to £75 per annum in charges by moving to one of the cheaper providers in the market. The proportion of customers choosing other Investment Pathway options whose pots are below £25,000 is not as large, but still significant, and such customers could find a cheaper product elsewhere – though the price differential does not seem as great across the market as for Investment Pathway 4.

There are some providers whose charge levels are potentially more competitive that Standard Life's for very large pots (e.g. £500,000 plus). While Standard Life has relatively few of its Investment Pathways customers with such large pots, the IGC is challenging Standard Life on this element of value since it is likely that the number of customers with larger Investment Pathway pots will grow over time. However, some Standard Life customers are able to access Investment Pathways while retaining the employer-based discounts that applied to their pre-retirement savings. It may be that, for such customers, this benefit outweighs the relative price differentials just highlighted.

The transaction costs Incurred in the investment management of the four investment pathway funds appear reasonable in the circumstances and do not raise any VfM concerns, as can be seen from the following table.

Aggregate Transaction Costs (%) over preceding 12 months		
	12 months to end Dec 2021	12 months to end Sept 2021
Pathway 1	0.144	0.159
Pathway 2	-0.014	-0.082
Pathway 3	0.14	0.148
Pathway 4	0.014	0.023

Investment performance

As noted in the Key Messages section, as a result of the newness of the Investment Pathways proposition, there is only limited data on past investment performance available to the IGC.

In terms of 1 year performance against the (customised) benchmarks set by Standard Life, performance to 31st December 2021 has been reasonable:

1 year investment performance to 31st December 2021 (gross of charges)			
	Fund performance	Comparator index	Difference
Pathway 1	6.33%	6.27%	+0.06
Pathway 2	-7.21%	-6.59%	-0.63
Pathway 3	3.58%	4.04%	-0.46
Pathway 4	-1.36%	-1.29%	-0.07

While the performance of Pathways 2 and 3 against the targets set is disappointing, a one year period is too short over which to draw any significant conclusions. It should also be noted that Pathway 2 is designed to track the price of a guaranteed income stream (i.e. annuity) and, over the 12 months, outperformed market data (i.e. annuity prices fell, as a consequence of rising interest rates, more than the rate of loss of Pathway 2).

In terms of performance relative to other investment pathway options provided by other providers, the position is more mixed:

- For Pathway 1, Standard Life's 1 year past performance is broadly "in the pack"
- For the other Pathways, Standard Life is towards the bottom of the market comparator tables the IGC has seen. This would seem largely a result of the different choices made by providers in designing their investment pathway funds and, particularly, the level of investment risk being targeted.

The levels of risk to target, and what asset classes to choose to invest in, are decision for providers to make. The impact of such judgements on customer outcomes could significantly outweigh all the other VfM considerations discussed here – with no guarantee that the impact would always be positive.

Nevertheless, the IGC takes comfort from the fact that, on a forward-looking basis, expected return and risk measures place Standard Life Investment Pathway options broadly in the middle of the pack.

Customer Service

As noted in the **Key Messages section**, Investment Pathways administration is integrated with that of other retirement "Drawdown" products. Consequently, customer servicing MI (including performance on core financial transactions) focussed solely on Investment Pathways is not currently available to the IGC. In due course, we would like to be able to review such focussed data. However, in the meantime, we believe it is sufficient to monitor the more aggregated data, supplemented by complaints data which is specific to Investment Pathways.

During 2021, the target service level for the Retirement customer demand measure that covers the setting up of an Investment Pathway was consistently exceeded. Across all customer servicing activity within the scope of the IGC, a VfM assessment of Green was allocated, as explained elsewhere in this **report**.

The level of complaints from Investment Pathway customers during 2021 was extremely low. While the IGC has not seen details of all the specific complaints raised, the MI suggests that there are no issues with how Standard Life has addressed the complaints, and nor do the complaints raise questions about the VfM of the Investment Pathway proposition servicing.

The results of a comparative benchmarking study across a limited number of Investment Pathway propositions from other providers also supports the conclusion that there are no VfM issues arising from Standard Life customer servicing – either in terms of the service levels delivered or the range of servicing options and tools provided by Standard Life.

Communication and engagement

As explained elsewhere in this **report**, the IGC has agreed with Standard Life a "fit for purpose" protocol that will be applied before, during and on completion of the design and content of all, particularly material, communications with customers within our scope.

Prior to the launch of Investment Pathways, we reviewed and considered the relevant communications to be used when customers first enter Investment Pathways and subsequently. Our goal was to ensure that all communications are clear and understandable, meet their intended purpose, and take into account the characteristics, needs and objectives of the relevant customers. Our conclusion was that the Investment Pathways communications developed for launch were "fit for purpose" and set out the relevant information clearly and understandably, as well as explaining their purpose.

The comparative benchmarking study across a limited number of Investment Pathway propostion from other providers already mentioned also supported this conclusion. However, it did also identify some areas of emerging best practice where Standard Life could enhance its customer communications. During 2022, the IGC will be looking to see how Standard Life takes on board this feedback.

Following up inconsistent actions:

One particular communication area highlighted in our pre-launch VfM assessment **report** concerned the communications that would be sent to Investment Pathway customers who took actions that did not seem to be consistent with the aims of the particular Investment Pathway they had chosen.

During 2021:

- Of those customers who selected Investment Pathway option 1 (i.e. "I have no plans to touch my money in the next 5 years"), 2% then went on to set up a regular withdrawal from their pension pot, while 11% took at least one ad-hoc withdrawal; and
- Of those customers who selected Investment Pathway option 2 (i.e. I plan to use my money to set up a guaranteed income (annuity) within the next 5 years"), 8% then went on to set up a regular withdrawal from their pension pot (but not yet buy an annuity), while 12% took at least one ad-hoc withdrawal.

These results raise the question of whether the relevant customers sufficiently understood the Investment Pathways proposition and, if not, what changes should be made to the associated communications.

Standard Life has carried out research of customers who have behaved inconsistently with the Investment Pathway selected. The findings suggest that customers do understand the 5 year objective of the Investment Pathway they have selected, but also understand that they can access their money at any time, and are taking cash to deal with unexpected events. Nevertheless, these customers will have received warnings from Standard Life at the point of the inconsistent behaviour. They will also receive ongoing annual communications that outline that their actions may mean that their Investment Pathway selection is no longer appropriate for their needs and that they may wish to review it.

Customer research

In addition to the specific research mentioned above, Standard Life has also undertaken a wider piece of research to investigate how customers are finding the Investment Pathway "customer journey" and the extent to which they are understanding the proposition.

The key findings from the research in 2021 were:

- Investment Pathways are proving helpful to customers as the proposition allows them to make decisions regarding their future retirement income without having to understand too much of the detailed process. Less-engaged customers are relying heavily on their trust in Standard Life and see particular value in the guided telephony channel that is offered.
- The priority for customers considering Investment Pathways is to gain access to their tax-free cash at retirement, although consolidating different pension pots is also a priority for some. Selection of an Investment Pathway seems very much a secondary consideration and, for some customers, purely a process that they feel "forced to go through".
- Whilst engaged and financially confident customers have researched and considered their Investment Pathway options, less engaged customers can potentially make decisions based on "in the moment" considerations, without fully reflecting on their pension needs.
- Whilst the majority of customers are content with their Investment Pathways decision and believe that they have chosen the most appropriate option for them, there is a minority of customers who may alter their decision at a later date once pensions become more pertinent for them.

- Without prior consideration, some customers feel ill-prepared to make such important decisions, but are also focussed on their primary aim of accessing cash – in some cases, with an urgent requirement.
- The Investment Pathways customer journey is generally considered to be an efficient, if somewhat time-consuming, process. Both online and telephone routes are praised for their efficiency, with telephone staff particularly receiving positive comments.
- As already noted earlier, inconsistent behaviour can be displayed by customers, irrespective of how much they understand of the Investment Pathway option they have selected. The key factor in such cases seems to be the need for access to their cash.

While many of the research findings are encouraging, Standard Life is concerned about customers' primary focus being access to tax-free cash at the point of transaction. In response, Standard Life is exploring how it can better support customers in understanding the decisions that they make, perhaps through additional follow-up communications to reaffirm (or not) the appropriateness of current arrangements.

The IGC welcomes these research findings and looks forward to seeing how Standard Life takes them on board to further support good customer outcomes from Investment Pathways.

Investment services

The same high standards of oversight apply to the operation of the four Investment Pathway funds as apply to the other Standard Life-designed funds within the IGC's scope. The quarterly governance reviews during 2021 confirmed that the funds were being operated as intended, and as customers would expect, given the published fund descriptions.

As noted earlier, the design of Investment Pathway funds varies quite considerably across the market. The IGC reviewed the design process for the four Investment Pathway funds as part of our pre-launch review. We concluded that the risk and return characteristics of each of the four funds had generally been designed in the interest of customers who were likely to select them. While it was too early in 2021 to make any changes to the design of the Standard Life four funds, the IGC will be keen to see how Standard Life responds to the different approaches that some other providers seem to be taking.

Two final comments

ESG

The four Standard Life Investment Pathway funds do not as yet have any particular ESG features. They are, however, included within the overall approach to Responsible Investment that applies across all the IGC in-scope funds where Standard Life makes the investment decisions that impact customer returns. The IGC has rated Standard Life Green for this performance area over 2021, as can be seen elsewhere in this **report**.

IGC's approach to VfM comparisons

New regulations introduced for this year's IGC reports require IGCs to consider whether to assess investment pathway investments on an individual basis or on an aggregated basis using cohorts of sufficiently similar pathway investments, or a combination of both, to enable the IGC to produce a value for money assessment that is the most useful for the pathway investors, but which is also appropriate and proportionate in the circumstances.

For the purposes of our VfM assessment of Standard Life's Investment Pathways, we have taken the view that, because much of the proposition is common across whichever Investment Pathway option is chosen (e.g customer journey to access Investment Pathways; customer servicing thereafter; annual statement mailing; design process and governance oversight of the four fund options), it makes sense to carry out the VfM assessment at the level of the overall proposition.

However, because Standard Life charges vary by size of pension pot and, in the wider market place, charges can also vary by which investment pathway option is chosen, our analysis of Costs and charges is on a more granular basis, reflecting pot size and fund chosen.

Publicly available data for a wide selection of other Investment Pathway providers has been used for our VfM assessment of Costs and Charges, Investment Performance, and parts of Investment Services. For the other VfM areas, we have used internal MI, supplemented by detailed comparator results from a specially-commissioned benchmarking exercise amongst a relatively small number of Investment Pathway propositions.

Supporting Material

Supporting Material

Costs and Charges

Supporting Material

Costs and Charges

Distribution of customer charges

Table 1 shows the number of customers with total charges above 1.00% per year at 31 December 2021 with the split between the current and former workplace customers.

Table 1

Total member charge	Number of workplace personal pension members	Number of former workplace personal pension members	Total
>1.48%	7,163	6,159	13,322
1.01% to 1.48%	18,885	19,316	38,201
	26,048	**25,475**	**51,523**

It should be noted that this excludes around 100 customers who are paying additional charges for death in service cover that we describe in the main body of the report.

Table 2 provides a breakdown of the total who are paying more than 1.00% per year by reason – those who pay additional charges to cover commission to an adviser, those who pay additional charges for specific higher charging fund choices, and those who pay extra for both reasons. The majority of those who pay additional charges do so because of choice of fund. The figures shown exclude self-invested assets and those customers and former customers in drawdown.

Table 2

Total member charge	Higher commission but no higher charge funds	Higher commission and higher charge funds	Higher charge funds only	Total
>1.48%	87	66	13,169	13,322
1.01% to 1.48%	41	26	38,134	38,201
	128	**92**	**51,303**	**51,523**

Finally, Table 3 gives the distribution of charges across the book of workplace personal pension plans.

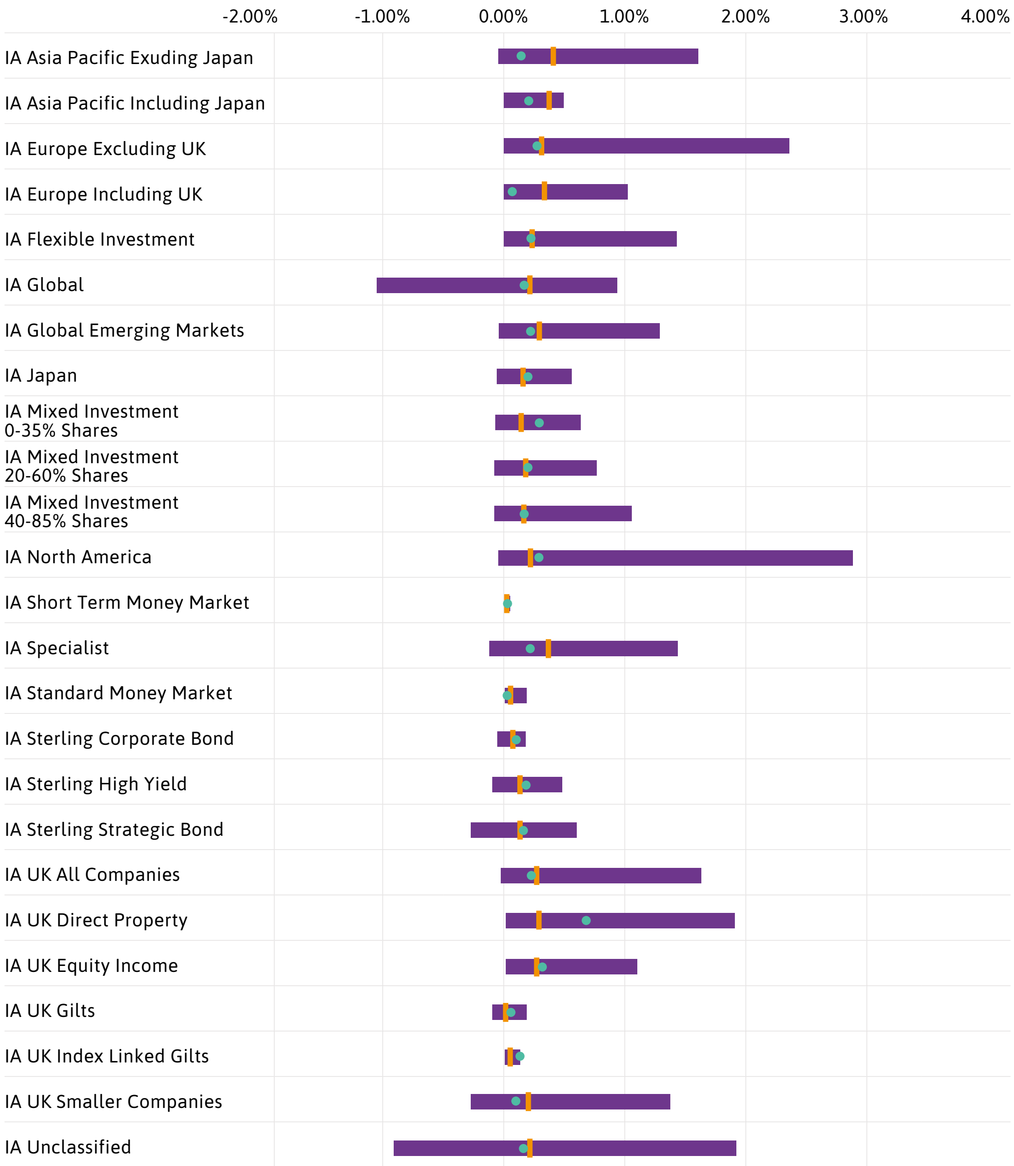
Table 3

Total member charge	Number of workplace and former workplace personal pension members	Percentage	Assets (£m)	Percentage
>1.48%	13,322	0.5%	426	0.8%
1.01% to 1.48%	38,201	1.5%	1,816	3.4%
0.76% to 1.00%	435,757	17.3%	9,402	17.4%
0.61% to 0.75%	1,140,715	45.2%	12,402	23.0%
0.51% to 0.60%	254,418	10.1%	7,418	13.7%
0.41% to 0.50%	286,374	11.3%	7,954	14.7%
0.31% to 0.40%	176,037	7.0%	6,491	12.0%
<= 0.30%	178,626	7.1%	8,063	14.9%
	2,523,450	**100%**	**53,971**	**100%**

Transaction costs for Managed, Active Plus III, Passive Plus II and With-Profits pension funds

Fund Code	% Not obtained	Aggregate Transaction Costs 2021 (%)	Explicit Transaction Costs 2021 (%)	Implicit Transaction Costs 2021 (%)	Indirect Transaction Costs 2021 (%)
Standard Life Managed Pension Fund	0	0.122	0	0.023	0.099
Standard Life Active Plus III Pension Fund	0	0.173	0	0.03	0.143
Standard Life Passive Plus III Pension Fund	0	0.162	0	0	0.162
Standard Life Sustainable Multi Asset Growth Pension Fund	0	0.065	0	0.004	0.061
Standard Life Pension With Profits Fund	0	0.116	0	0.019	0.097
Standard Life Pension Inflation Plus Fund	0	0.005	0	0.005	0
Standard Life Pension 2 With Profits 2 2006 Fund	0	0.173	0	0.022	0.151
Standard Life Pension With Profits One Fund	0	0.173	0	0.022	0.151
Standard Life Pension Millennium With Profits Fund	0	0.173	0	0.022	0.151
Standard Life Pension With Profits One 2006 Fund	0	0.173	0	0.022	0.151
Standard Life Pension 2 With Profits 2 2006 Fund	0	0.173	0	0.022	0.151
Standard Life Pension Millennium With Profits 2006	0	0.173	0	0.022	0.151
Stakeholder With Profits Fund	0.212	0.077	0	-0.003	0.08
Stakeholder With Profits 2006 Fund	0.214	0.077	0	-0.002	0.08
Corporate Stakeholder With Profits Fund	0.212	0.077	0	-0.003	0.08
Corporate Stakeholder With Profits 2006 Fund	0.214	0.077	0	-0.002	0.08

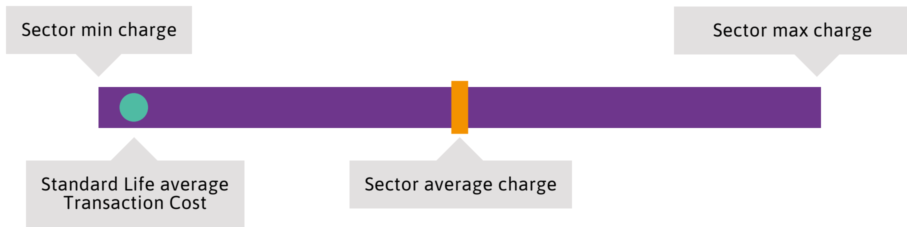
Transaction cost – benchmarking



The chart illustrates that the average Standard Life transaction costs relative to those of other companies in the market are within normal market ranges for funds with a similar strategy, albeit that market participants may use a range of different interpretations and methodologies.

Methodology:

- The chart shows the range of transaction costs being reported in the Investment Association (IA) sectors.
- Each bar demonstrates the minimum, maximum and average transaction cost reported for each IA sector.
- The average Standard Life insured fund transaction cost has been overlaid for comparison purposes. Insured funds have been aligned to IA sectors based on their respective ABI sector. Where no average is shown, there is either no comparable ABI sector or no Standard Life fund within scope in that sector.



Disclosure of costs and charges by individual customer

The tables below show the range of charges applied to customers' policies for:

- Each of the default investment funds used by customers within the relevant schemes; and
- Each of the 'quasi' default investment funds which are funds treated as default investment funds because of the number of customers invested in them.

Customers can see from their annual benefit statement and online dashboard which type of policy they have and the name of the fund they are invested in. For example, the table below shows that, if you are invested in the Standard Life ASI MyFolio Market III Pension Fund (which is the second row of the table), 21.2% customers pay an ongoing charge of between 0.60% and 0.75% per year, 27.6% customers paying between 0.50% and 0.59% per year and everyone else (51.1% customers) paying between 0.40 to 0.49% per year. These variations occur because employers are able to negotiate different rates based on a variety of factors.

Costs and Charges for Standard Life Default Investment Funds

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
AAAF	SL ASI MyFolio Managed III Pension Fund	0.0%	0.0%	0.0%	53.3%	46.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.188%
AACE	SL ASI MyFolio Market III Pension Fund	0.0%	0.0%	51.1%	27.6%	21.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.027%
AADE	SL Aberdeen Standard Global Bond Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.086%
AAJJ	Standard Life * Money Market Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.033%
AAKI	Standard Life Money Market Pension Fund (HNR)	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.033%
AAPJ	Standard Life 50:50 Gbl Equity Trk (Vanguard) Pn	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.220%
ADCF	Standard Life * Pre-Retirement Pension Fd	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.098%
ADCG	Standard Life * Balanced Growth Pension Fd	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.154%

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
ADIC	SL * Growth Pension Fund	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.213%
ADLA	SL * At-Retirement (Flexible Inc) Pn	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.434%
ADLF	SL 7IM Balanced Pension Fund	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.043%
ADLG	SL 7IM Moderately Adventurous Pension Fund	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.049%
ADLH	SL 7IM Moderately Cautious Pension Fund	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.026%
ADLL	SL 7IM Adventurous Pension Fund	0.0%	0.0%	0.0%	33.3%	0.0%	0.0%	0.0%	33.3%	0.0%	0.0%	33.3%	0.041%
BBAG	Standard Life * Mixed Bond Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.149%
BBDF	Standard Life * Balanced Risk Growth Pension Fd	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.175%
BBEC	SL iShares Global Property Securities Eq Idx Pn Fd	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.231%
BBED	Standard Life Pre Ret (MyFolio Managed Universal)	0.0%	0.0%	0.0%	99.6%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.185%
BBEG	SL Punter Southall Blended Investment 2 Pension Fd	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.180%
BBKA	Standard Life 30:70 Gbl Equity (BlackRock) Pn	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.129%
BCGE	Standard Life * Defensive Pension Fund	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.148%
BDAD	Standard Life At Ret (Active Plus Universal) Pn	0.0%	1.1%	5.1%	6.2%	87.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.145%
BDAE	Standard Life Pre Ret (Active Plus Universal) Pn	0.0%	1.1%	3.1%	5.7%	89.8%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.182%

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
BEBD	Standard Life Vanguard Growth Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.244%
BFAK	Standard Life Mixed Blend Pension Fund	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.187%
BFCF	SL AS Absolute Return Global Bond Strategies Pn Fd	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.505%
CCFF	Standard Life * Money Market Pension Fund	55.6%	0.0%	0.0%	44.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.033%
CCGA	Standard Life * Growth Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.291%
CCHB	Standard Life * Mixed Bond Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.149%
CCHD	Standard Life Passive Plus III Pension Fund	29.5%	9.1%	13.9%	7.2%	40.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.162%
CCMJ	Standard Life * Drawdown Pre-Retirement Pn Fd	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.240%
CEMH	SL Sustainable Multi Asset Pre Retirement Pn	5.3%	15.5%	79.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.077%
CFAA	SL * Growth Investment Pn Fd	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.319%
CFBA	SL * Flexible Retirement Pre-Retirement Pn	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.249%
DDAA	Standard Life Pre Ret (Stakeholder Universal S6)	0.0%	5.1%	94.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.153%
DDFF	SL iShares Emerging Markets Equity Index Pn Fd	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.381%
DDMC	SL Aberdeen Standard China Equities Pension Fund	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.189%

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
DDMP	Standard Life * Multi-Asset Pension Fund	0.0%	0.0%	56.0%	44.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.169%
DDNA	Standard Life Active Plus III Pension Fund	0.0%	1.0%	3.5%	5.6%	89.1%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.173%
DDNC	Stan Life At Ret (Active Plus Active Retirement)	0.0%	0.0%	0.0%	63.6%	36.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.194%
DGBC	Standard Life * At-Ret (Flexible Income) Pen Fd	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.207%
DGND	Standard Life * UK Gilt Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.017%
EEJD	Standard Life Growth Investment Pension Fund (HNR)	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.242%
EELG	Standard Life Pre Ret (Stakeholder Universal)	0.0%	0.0%	97.6%	0.0%	2.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.146%
EGMF	SL * At-Retirement (Drawdown) Pn	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.146%
F8	Standard Life Multi Asset Mgd (20-60% Shares) Pn	1.5%	6.1%	24.2%	16.0%	52.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.199%
F9	Standard Life At Retirement (Multi Asset Univ) Pn	1.6%	8.2%	29.4%	13.1%	47.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.175%
FA	Standard Life Managed Pension Fund	5.1%	9.1%	22.0%	9.1%	54.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.122%
FBEC	SL * Diversified Bond Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%							0.131%
FFKG	Standard Life Passive Plus V Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.161%
FFND	Standard Life Active Plus IV Pension Fund	0.0%	0.0%	0.0%	0.4%	99.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.146%

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
FL	Standard Life Index Linked Bond Pension Fund	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.041%
FP	Standard Life Mixed Bond Pension Fund	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.070%
G4	Standard Life Deposit and Treasury Pension Fund	17.5%	11.3%	24.5%	9.3%	37.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.033%
G6	Standard Life FTSE Tracker Pension Fund	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.043%
G7	Standard Life Ethical Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.062%
GANH	SL * Diversified Growth Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.260%
GBMC	SL Inv Pathway Option 4 Pension Fund	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.014%
GGBA	Standard Life At Ret (Stakeholder Universal S6)	0.0%	7.3%	92.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.118%
GGCB	Standard Life * Money Market Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.033%
GGGA	SL Vanguard UK Inflation Linked Gilt Index Pension	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.173%
GGJG	Standard Life Diversified Growth Pension Fd (HNR)	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.213%
GGND	Standard Life At Ret (MyFolio Market Universal)	0.0%	64.0%	13.3%	22.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.025%
GGPF	SL Aberdeen Standard European Smaller Cos Pn Fd	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	0.019%
GS	Standard Life Money Market Pension Fund	2.1%	0.3%	16.3%	4.9%	76.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.000%

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
GZ	Standard Life Overseas Equity Pension Fund	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.274%
H8	Standard Life Global Equity 50:50 Tracker Pension	0.0%	0.0%	20.6%	0.0%	79.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.093%
HB	Standard Life Long Corporate Bond Pension Fund	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.071%
HKMM	Standard Life At Ret	0.0%	0.0%	25.1%	74.4%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.139%
HT	(MyFolio Managed Universal)	0.0%	0.0%	22.1%	0.0%	77.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.327%
IALC	Standard Life Global Equity 50:50 Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.169%
IAPI	SL * Bd Pn	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.050%
IDHG	SL * Property Pension Fund	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-3.332%
JCCD	Standard Life * Pre Retirement Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.288%
JJBF	SL iShares Corporate Bond Index Pension Fund	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.154%
JJBG	SL * Pre-Retirement (Flexible Inc) Pn	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.369%
JJCC	Standard Life * Drawdown At- Retirement Pn Fd	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.155%
JJHA	Standard Life At Ret (Passive Plus Universal) Pn	33.5%	12.8%	17.1%	7.5%	29.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.116%
JJJA	Standard Life Passive Plus IV Pension Fund	0.0%	81.2%	7.5%	6.4%	5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.162%
JJJC	SL * Diversified Growth Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.194%

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
JJKM	Standard Life Passive Plus II Pension Fund	0.0%	2.9%	14.5%	8.4%	74.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.160%
JJMN	SL * Flexible Retirement Growth Pension Fund	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.226%
JJNJ	Standard Life Pre Ret (MyFolio Market Universal)	0.0%	51.0%	21.5%	27.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.033%
JJNK	Standard Life At Ret (Stakeholder Universal)	0.0%	0.0%	98.8%	0.0%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.118%
JJPN	Standard Life 30:60:10 Gbl Emg Mkt Eq Trk (VG) Pn	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.206%
JLKH	Standard Life * Growth Investment Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.189%
JLLC	Standard Life * Pre-Ret (Flexible Income) Pen Fd	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.226%
JO	SL BlackRock Managed (50:50) Global Equity Pension	0.0%	0.0%	1.9%	98.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.089%
KIAE	SL * Gbl Eq Pn	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.748%
KIHE	SL * Deposit & Treasury Pn	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.034%
KKFF	Standard Life Pre Ret (Passive Plus Universal)	34.8%	11.6%	16.5%	7.2%	29.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.157%
KKIF	Standard Life At Ret (Passive Plus Universal S3)	0.0%	16.8%	29.5%	23.2%	30.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.112%
KKJD	SL * Growth Investment Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.232%
KKMP	SL * Money Market Pension Fund	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.033%
KLIB	SL Inv Pathway Option 1 Pension Fund	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.144%

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
KNBA	Standard Life Pre Ret (Passive Plus Universal S3)	0.0%	13.1%	27.4%	29.0%	30.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.157%
KPHK	Standard Life Passive Core Pension Fund	45.7%	13.6%	40.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.160%
LCKK	SL Inv Pathway Option 3 Pension Fund	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.140%
LFLM	SL * Flexible Retirement Growth Pension Fd	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.403%
LJMA	SL * Flexible Retirement Pre-Retirement Pn	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.396%
LLEK	Standard Life 50:50 Gbl Equity (BlackRock) Pn	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.166%
LLHF	Standard Life * Pre-Retirement (Flexible Tgt) Pn	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.158%
LLJE	SL ASI MyFolio Market II Pension Fund	0.0%	0.0%	2.8%	92.6%	4.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.033%
LLKF	SL * Diversified Bond Pension Fund	0.0%	0.0%	40.0%	60.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.282%
LLLB	Standard Life * UK Gilt Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.017%
LLNB	SL ASI MyFolio Market IV Pension Fund	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.023%
LLPA	Standard Life Active Plus II Pension Fund	0.0%	0.0%	1.6%	5.5%	88.3%	4.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.190%
LLPM	Standard Life Diversified Bond Pension Fund (HNR)	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.187%
LPNI	Stan Life Pre Ret (Active Plus Active Retirement)	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.260%
LPNL	Standard Life Sustainable Multi Asset Growth Pn	9.3%	17.9%	72.8%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.065%

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
MADC	SL * Growth Investment Pension Fund	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.216%
MADF	Standard Life * Early Stage Growth Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.180%
MANJ	SL * Flexible Retirement At-Retirement Pn	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.200%
MAPI	SL Aberdeen Standard European Corporate Bond Pn Fd	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.081%
MBLA	Standard Life * At Retirement Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.265%
MIJP	SL * Flexible Retirement At-Retirement Pn	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.214%
MMAB	Standard Life Passive Plus III (Series 3) Pension	0.0%	19.2%	31.7%	30.3%	18.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.165%
MNPH	SL * Flexible Retirement Growth Pension Fund	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.263%
NAHE	SL * Flexible Retirement At-Retirement Pn	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.224%
NAMI	SL * Transition Pension Fund	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.211%
NBAJ	SL Punter Southall At Retirement (Flxbl Ret) Pn Fd	0.0%	35.1%	64.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.105%
NBCE	Standard Life * Global Equity Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.205%
NCKI	Standard Life * Growth Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.264%
NJEE	SL Inv Pathway Option 2 Pension Fund	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.014%
NLCB	SL Pre Retirement (Passive Core Universal) Pn Fd	66.0%	14.0%	20.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.152%

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
NLPD	Standard Life * Pre-Retirement Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.214%
NNAA	Standard Life * Global Equity Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.205%
NNBB	SL P-Solve Dynamic Growth Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.385%
NNBD	SL Vanguard UK Long Duration Gilt Index Pension Fd	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.017%
NNLH	SL Aberdeen Standard Global Corporate Bond Pn Fd	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.296%
PAMG	Standard Life * Growth Pension Fund	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.334%
PBJH	SL * Flexible Retirement Pre-Retirement Pn	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.272%
PIGC	Standard Life * Diversified Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.347%
PLND	SL Sustainable Multi Asset At Retirement Pn	3.7%	16.6%	79.4%	0.3%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.086%
PNCD	SL At Retirement (Passive Core Universal) Pn Fd	63.3%	14.2%	22.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.131%
S6	Standard Life * Pension Fund	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.184%
VB	SL ASI Global Real Estate Share Pension Fund	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.262%
YX	SL ASI Global Absolute Return Strategies Pension	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.772%

Costs and Charges for Standard Life 'Quasi Default' Investment Funds

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
AAAF	SL ASI MyFolio Managed III Pension Fund	0.0%	0.0%	0.0%	0.0%	93.3%	0.0%	0.0%	0.0%	6.7%	0.0%	0.0%	0.188%
AACE	SL ASI MyFolio Market III Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.027%
AADC	SL ASI MyFolio Multi-Manager II Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.202%
AAMI	SL ASI MyFolio Managed II Pension Fund	0.0%	0.0%	0.0%	0.0%	81.8%	0.0%	0.0%	18.2%	0.0%	0.0%	0.0%	0.185%
BBIA	SL ASI MyFolio Market V Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.034%
BC	SL BlackRock Managed (70:30) Global Equity Pension	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.151%
BDAD	Standard Life At Ret (Active Plus Universal) Pn	0.0%	6.0%	0.0%	0.0%	94.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.145%
BDAE	Standard Life Pre Ret (Active Plus Universal) Pn	0.0%	0.0%	6.7%	0.0%	89.1%	4.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.182%
CCHD	Standard Life Passive Plus III Pension Fund	0.0%	1.5%	2.4%	7.5%	88.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.162%
CY	SL iShares Corporate Bond Index Pension Fund	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.096%
DDNA	Standard Life Active Plus III Pension Fund	0.0%	0.0%	4.0%	0.1%	92.9%	2.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.173%
F8	Standard Life Multi Asset Mgd (20-60% Shares) Pn	1.3%	0.0%	19.5%	14.1%	65.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.199%
F8	Standard Life Multi Asset Mgd (20-60% Shares) Pn	0.0%	3.4%	19.6%	15.7%	61.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.11%

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
F9	Standard Life At Retirement (Multi Asset Univ) Pn	3.8%	1.3%	16.6%	14.5%	63.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.175%
FA	Standard Life Managed Pension Fund	0.7%	0.2%	13.5%	7.7%	77.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.122%
FB	Standard Life Stock Exchange Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.080%
FM	Standard Life Property Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.204%
FP	Standard Life Mixed Bond Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.070%
G4	Standard Life Deposit and Treasury Pension Fund	2.7%	0.7%	20.1%	50.3%	26.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.033%
GBMC	SL Inv Pathway Option 4 Pension Fund	0.0%	0.0%	0.0%	20.0%	80.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.014%
GS	Standard Life Money Market Pension Fund	0.0%	9.4%	10.6%	12.5%	67.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.000%
H8	Standard Life Global Equity 50:50 Tracker Pension	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.093%
HB	Standard Life Long Corporate Bond Pension Fund	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.071%
HH	Standard Life Corporate Bond Pension Fund	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.056%
HT	Standard Life Global Equity 50:50 Pension Fund	0.0%	0.0%	49.2%	3.0%	47.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.327%
JJHA	Standard Life At Ret (Passive Plus Universal) Pn	0.0%	2.5%	5.1%	3.8%	88.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.116%
JJJA	Standard Life Passive Plus IV Pension Fund	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.162%

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
JO	SL BlackRock Managed (50:50) Global Equity Pension	0.9%	62.2%	1.3%	35.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.089%
JU	SL BlackRock Aquila Connect Consensus Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.011%
KF	SL BNY Mellon Global Balanced Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.113%
KKFF	Standard Life Pre Ret (Passive Plus Universal)	0.0%	2.1%	5.2%	5.2%	87.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.157%
KLIB	SL Inv Pathway Option 1 Pension Fund	0.0%	0.0%	21.4%	14.3%	64.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.144%
KO	SL Fidelity Special Situations Pension Fund	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.130%
LCKK	SL Inv Pathway Option 3 Pension Fund	0.0%	0.0%	40.0%	0.0%	60.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.140%
LLJE	SL ASI MyFolio Market II Pension Fund	0.0%	0.0%	0.0%	43.5%	56.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.033%
LLPA	Standard Life Active Plus II Pension Fund	0.0%	0.0%	0.0%	0.0%	92.1%	7.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.190%
MMKF	SL ASI MyFolio Multi-Manager III Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.261%
NB	SL iShares Index Linked Gilt Index Pension Fund	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.025%
ND	SL iShares Over 15 Year Gilt Index Pension Fund	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.009%
NJEE	SL Inv Pathway Option 2 Pension Fund	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.014%
S8	SL BlackRock Aquila Connect Sterling Govt Liq Pn	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.000%

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
YX	SL ASI Global Absolute Return Strategies Pension	0.0%	0.0%	0.0%	13.4%	82.3%	4.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.772%

The fund names marked with an * are redacted as they are for the sole use of employees of specific employers and it is not appropriate to disclose their name in a publicly-available document. If you are an employee of one of these employers, the full fund names are available to you via your employer's dedicated pension scheme micro site and/or relevant pension scheme documentation.

Disclosure of costs and charges by individual employer arrangement

The tables below show the range of charges applied within each individual employer arrangement used by customers for:

- Each of the default investment funds used by customers; and
- Each of the 'quasi' default investment funds which are funds treated as default investment funds because of the number of customers invested in them.

Customers can see from their annual benefit statement and online dashboard which type of policy they have and the name of the fund they are invested in. The tables below show how many employer arrangements there are in each charge band, in contrast to the previous tables that showed the number of individuals.

Costs and Charges for Standard Life Default Investment Funds

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
AAAF	SL ASI MyFolio Managed III Pension Fund	0.0%	0.0%	0.0%	25.0%	75.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.188%
AACE	SL ASI MyFolio Market III Pension Fund	0.0%	0.0%	70.0%	10.0%	20.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.027%
AADE	SL Aberdeen Standard Global Bond Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.086%
AAJJ	Standard Life * Money Market Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.033%

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
AAKI	Standard Life Money Market Pension Fund (HNR)	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.033%
AAPJ	Standard Life 50:50 Gbl Equity Trk (Vanguard) Pn	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.220%
ADCF	Standard Life * Pre-Retirement Pension Fd	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.098%
ADCG	Standard Life * Balanced Growth Pension Fd	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.154%
ADIC	SL * Growth Pension Fund	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.213%
ADLA	SL * At-Retirement (Flexible Inc) Pn	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.043%
ADLF	SL 7IM Balanced Pension Fund	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.049%
ADLG	SL 7IM Moderately Adventurous Pension Fund	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.026%
ADLH	SL 7IM Moderately Cautious Pension Fund	0.0%	0.0%	0.0%	33.3%	0.0%	0.0%	0.0%	33.3%	0.0%	0.0%	33.3%	0.041%
ADLL	SL 7IM Adventurous Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.149%
BBAG	Standard Life * Mixed Bond Pension Fund	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.175%
BBDF	Standard Life * Balanced Risk Growth Pension Fd	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.231%
BBEC	SL iShares Global Property Securities Eq Idx Pn Fd	0.0%	0.0%	0.0%	66.7%	33.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.185%
BBED	Standard Life Pre Ret (MyFolio Managed Universal)	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.180%

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
BBEG	SL Punter Southall Blended Investment 2 Pension Fd	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.148%
BBKA	Standard Life 30:70 Gbl Equity (BlackRock) Pn	0.0%	0.1%	1.2%	1.9%	96.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.145%
BCGE	Standard Life * Defensive Pension Fund	0.0%	0.0%	0.6%	1.7%	97.0%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.182%
BDAD	Standard Life At Ret (Active Plus Universal) Pn	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.244%
BDAE	Standard Life Pre Ret (Active Plus Universal) Pn	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.187%
BEBD	Standard Life Vanguard Growth Pension Fund	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.505%
BFAK	Standard Life Mixed Blend Pension Fund	66.7%	0.0%	0.0%	33.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.033%
BFCF	SL AS Absolute Return Global Bond Strategies Pn Fd	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.291%
CCFF	Standard Life * Money Market Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.149%
CCGA	Standard Life * Growth Pension Fund	1.1%	6.9%	10.2%	10.6%	71.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.162%
CCHB	Standard Life * Mixed Bond Pension Fund	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.240%
CCHD	Standard Life Passive Plus III Pension Fund	25.0%	45.0%	20.0%	5.0%	5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.077%
CCMJ	Standard Life * Drawdown Pre-Retirement Pn Fd	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.319%
CEMH	SL Sustainable Multi Asset Pre Retirement Pn	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.249%

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
CFAA	SL * Growth Investment Pn Fd	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.213%
CFBA	SL * Flexible Retirement Pre-Retirement Pn	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.043%
DDAA	Standard Life Pre Ret (Stakeholder Universal S6)	0.0%	50.0%	50.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.153%
DDFF	SL iShares Emerging Markets Equity Index Pn Fd	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.381%
DDMC	SL Aberdeen Standard China Equities Pension Fund	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.189%
DDMP	Standard Life * Multi-Asset Pension Fund	0.0%	0.0%	66.7%	33.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.169%
DDNA	Standard Life Active Plus III Pension Fund	0.0%	0.1%	0.5%	1.5%	96.8%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.173%
DDNC	Stan Life At Ret	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.318%
DGBC	Standard Life * At-Ret (Flexible Income) Pen Fd	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.207%
DGND	Standard Life * UK Gilt Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.017%
EEJD	Standard Life Growth Investment Pension Fund (HNR)	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.242%
EELG	Standard Life Pre Ret (Stakeholder Universal)	0.0%	0.0%	60.0%	0.0%	40.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.146%
EGMF	SL * At-Retirement (Drawdown) Pn	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.146%
F8	Standard Life Multi Asset Mgd (20-60% Shares) Pn	1.5%	4.9%	9.8%	9.8%	74.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.199%
FM	Standard Life Property Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.178%

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
F9	Standard Life At Retirement (Multi Asset Univ) Pn	1.0%	5.8%	12.3%	9.8%	71.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.175%
FA	Standard Life Managed Pension Fund	1.4%	5.5%	10.5%	8.6%	73.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.122%
FBEC	SL * Diversified Bond Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.131%
FFKG	Standard Life Passive Plus V Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.161%
FFND	Standard Life Active Plus IV Pension Fund	0.0%	0.0%	0.0%	25.0%	75.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.146%
FL	Standard Life Index Linked Bond Pension Fund	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.070%
FP	Standard Life Mixed Bond Pension Fund	1.9%	5.4%	12.2%	10.9%	69.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.033%
G4	Standard Life Deposit and Treasury Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.062%
G6	Standard Life FTSE Tracker Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.260%
G7	Standard Life Ethical Pension Fund	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.014%
GANH	SL * Diversified Growth Pension Fund	0.0%	50.0%	50.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.118%
GBMC	SL Inv Pathway Option 4 Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.033%
GGBA	Standard Life At Ret (Stakeholder Universal S6)	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.173%
GGCB	Standard Life * Money Market Pension Fund	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.213%
GGGA	SL Vanguard UK Inflation Linked Gilt Index Pension	0.0%	33.3%	50.0%	16.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.025%

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
GGJG	Standard Life Diversified Growth Pension Fd (HNR)	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	0.0%	0.019%
GGND	Standard Life At Ret (MyFolio Market Universal)	1.9%	1.9%	18.5%	9.3%	68.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.000%
GGPF	SL Aberdeen Standard European Smaller Cos Pn Fd	0.0%	0.0%	50.0%	0.0%	50.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.093%
GS	Standard Life Money Market Pension Fund	0.0%	0.0%	33.3%	33.3%	33.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.139%
GZ	Standard Life Overseas Equity Pension Fund	0.0%	0.0%	25.0%	0.0%	75.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.327%
H8	Standard Life Global Equity 50:50 Tracker Pension	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.169%
HB	Standard Life Long Corporate Bond Pension Fund	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.050%
HKMM	Standard Life At Ret	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.217%
HT	Standard Life Global Equity 50:50 Pension Fund	0.0%	0.0%	60.0%	0.0%	40.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.146%
IALC	Standard Life Vanguard At-Retirement Pension Fund	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.146%
IAPI	SL * Bd Pn	1.5%	4.9%	9.8%	9.8%	74.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.199%
IDHG	SL * Property Pension Fund	1.0%	5.8%	12.3%	9.8%	71.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.175%
JCCD	Standard Life * Pre Retirement Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.288%
JJBF	SL iShares Corporate Bond Index Pension Fund	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.154%

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
JJBG	SL * Pre-Retirement (Flexible Inc) Pn	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.369%
JJCC	Standard Life * Drawdown At- Retirement Pn Fd	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.155%
JJHA	Standard Life At Ret (Passive Plus Universal) Pn	1.2%	8.0%	9.3%	10.7%	70.6%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.116%
JJJA	Standard Life Passive Plus IV Pension Fund	0.0%	25.7%	22.9%	25.7%	25.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.162%
JJJC	SL * Diversified Growth Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.194%
JJKM	Standard Life Passive Plus II Pension Fund	0.0%	4.0%	20.0%	16.0%	60.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.160%
JJMN	SL * Flexible Retirement Growth Pension Fund	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.226%
JJNJ	Standard Life Pre Ret (MyFolio Market Universal)	0.0%	33.3%	50.0%	16.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.033%
JJNK	Standard Life At Ret (Stakeholder Universal)	0.0%	0.0%	50.0%	0.0%	50.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.118%
JJPN	Standard Life 30:60:10 Gbl Emg Mkt Eq Trk (VG) Pn	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.206%
JLKH	Standard Life * Growth Investment Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.189%
JLLC	Standard Life * Pre-Ret (Flexible Income) Pen Fd	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.226%
JO	SL BlackRock Managed (50:50) Global Equity Pension	0.0%	0.0%	50.0%	50.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.089%
KIAE	SL * Gbl Eq Pn	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.748%
KIHE	SL * Deposit & Treasury Pn	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.034%

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
KKFF	Standard Life Pre Ret (Passive Plus Universal)	1.0%	7.6%	9.6%	10.6%	70.9%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.157%
KKIF	Standard Life At Ret (Passive Plus Universal S3)	0.0%	10.0%	40.0%	20.0%	30.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.112%
KKJD	SL * Growth Investment Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.232%
KKMP	SL * Money Market Pension Fund	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.144%
KLIB	SL Inv Pathway Option 1 Pension Fund	0.0%	8.3%	41.7%	25.0%	25.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.157%
KNBA	Standard Life Pre Ret (Passive Plus Universal S3)	47.1%	17.6%	35.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.160%
KPHK	Standard Life Passive Core Pension Fund	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.140%
LCKK	SL Inv Pathway Option 3 Pension Fund	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.403%
LFLM	SL * Flexible Retirement Growth Pension Fd	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.396%
LJMA	SL * Flexible Retirement Pre-Retirement Pn	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.166%
LLEK	Standard Life 50:50 Gbl Equity (BlackRock) Pn	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.158%
LLHF	Standard Life * Pre-Retirement (Flexible Tgt) Pn	0.0%	0.0%	25.0%	50.0%	25.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.033%
LLJE	SL ASI MyFolio Market II Pension Fund	0.0%	0.0%	50.0%	50.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.282%
LLKF	SL * Diversified Bond Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.017%
LLLB	Standard Life * UK Gilt Pension Fund	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.023%
LLPA	Standard Life Active Plus II Pension Fund	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.187%

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
LLPM	Standard Life Diversified Bond Pension Fund (HNR)	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.260%
LPNI	Stan Life Pre Ret	23.8%	42.9%	23.8%	4.8%	4.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.065%
LPNL	Standard Life Sustainable Multi Asset Growth Pn	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.216%
MADC	SL * Growth Investment Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.180%
MADF	Standard Life * Early Stage Growth Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.200%
MANJ	SL * Flexible Retirement At-Retirement Pn	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.081%
MAPI	SL Aberdeen Standard European Corporate Bond Pn Fd	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.265%
MBLA	Standard Life * At Retirement Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.214%
MIJP	SL * Flexible Retirement At-Retirement Pn	0.0%	8.3%	41.7%	25.0%	25.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.165%
MMAB	Standard Life Passive Plus III (Series 3) Pension	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.263%
MNPH	SL * Flexible Retirement Growth Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.224%
NAHE	SL * Flexible Retirement At-Retirement Pn	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.211%
NAMI	SL * Transition Pension Fund	0.0%	50.0%	50.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.105%
NBAJ	SL Punter Southall At Retirement (Flxbl Ret) Pn Fd	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.205%

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
NBCE	Standard Life * Global Equity Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.264%
NCKI	Standard Life * Growth Pension Fund	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.014%
NJEE	SL Inv Pathway Option 2 Pension Fund	47.1%	17.6%	35.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.152%
NLCB	SL Pre Retirement (Passive Core Universal) Pn Fd	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.214%
NLPD	Standard Life * Pre-Retirement Pension Fund	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.205%
NNAA	Standard Life * Global Equity Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.385%
NNBB	SL P-Solve Dynamic Growth Pension Fund	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.017%
NNBD	SL Vanguard UK Long Duration Gilt Index Pension Fd	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.296%
NNLH	SL Aberdeen Standard Global Corporate Bond Pn Fd	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.334%
PAMG	Standard Life * Growth Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.272%
PBJH	SL * Flexible Retirement Pre-Retirement Pn	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.347%
PIGC	Standard Life * Diversified Pension Fund	27.8%	33.3%	27.8%	5.6%	5.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.086%
PLND	SL Sustainable Multi Asset At Retirement Pn	40.0%	20.0%	40.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.131%
PNCD	SL At Retirement (Passive Core Universal) Pn Fd	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.184%

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
S6	Standard Life * Pension Fund	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.262%
VB	SL ASI Global Real Estate Share Pension Fund	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.772%
YX	SL ASI Global Absolute Return Strategies Pension	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.288%

Costs and Charges for Standard Life ‘Quasi Default’ Investment Funds

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
AAAF	SL ASI MyFolio Managed III Pension Fund	0%	0%	0%	0%	80%	0%	0%	0%	20%	0%	0%	0.19%
AACE	SL ASI MyFolio Market III Pension Fund	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0.03%
AADC	SL ASI MyFolio Multi-Manager II Pension Fund	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0.20%
AAMI	SL ASI MyFolio Managed II Pension Fund	0%	0%	0%	0%	75%	0%	0%	25%	0%	0%	0%	0.18%
BBIA	SL ASI MyFolio Market V Pension Fund	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0.03%
BC	SL BlackRock Managed (70:30) Global Equity Pension	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.15%
BDAD	Standard Life At Ret (Active Plus Universal) Pn	0%	14%	0%	0%	86%	0%	0%	0%	0%	0%	0%	0.15%
BDAE	Standard Life Pre Ret (Active Plus Universal) Pn	0%	0%	13%	0%	75%	13%	0%	0%	0%	0%	0%	0.18%
CCHD	Standard Life Passive Plus III Pension Fund	0%	2%	4%	16%	79%	0%	0%	0%	0%	0%	0%	0.16%

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
CY	SL iShares Corporate Bond Index Pension Fund	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0.10%
DDNA	Standard Life Active Plus III Pension Fund	0%	0%	10%	10%	60%	20%	0%	0%	0%	0%	0%	0.17%
F8	Standard Life Multi Asset Mgd (20-60% Shares) Pn	1%	0%	12%	13%	73%	0%	0%	0%	0%	0%	0%	0.20%
F9	Standard Life At Retirement (Multi Asset Univ) Pn	2%	1%	9%	15%	73%	0%	0%	0%	0%	0%	0%	0.17%
FA	Standard Life Managed Pension Fund	1%	1%	10%	12%	76%	0%	0%	0%	0%	0%	0%	0.12%
FB	Standard Life Stock Exchange Pension Fund	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0.08%
FM	Standard Life Property Pension Fund	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.20%
FP	Standard Life Mixed Bond Pension Fund	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.07%
G4	Standard Life Deposit and Treasury Pension Fund	3%	3%	20%	20%	54%	0%	0%	0%	0%	0%	0%	0.03%
GBMC	SL Inv Pathway Option 4 Pension Fund	0%	0%	0%	20%	80%	0%	0%	0%	0%	0%	0%	0.01%
GS	Standard Life Money Market Pension Fund	0%	3%	14%	6%	77%	0%	0%	0%	0%	0%	0%	0.00%
H8	Standard Life Global Equity 50:50 Tracker Pension	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0.09%
HB	Standard Life Long Corporate Bond Pension Fund	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0.07%
HH	Standard Life Corporate Bond Pension Fund	0%	0%	33%	33%	33%	0%	0%	0%	0%	0%	0%	0.33%

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
HT	Standard Life Global Equity 50:50 Pension Fund	0%	3%	6%	8%	83%	0%	0%	0%	0%	0%	0%	0.12%
JJHA	Standard Life At Ret (Passive Plus Universal) Pn	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0.16%
JJJA	Standard Life Passive Plus IV Pension Fund	14%	43%	14%	29%	0%	0%	0%	0%	0%	0%	0%	0.09%
JO	SL BlackRock Managed (50:50) Global Equity Pension	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.01%
JU	SL BlackRock Aquila Connect Consensus Pension Fund	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0.11%
KF	SL BNY Mellon Global Balanced Pension Fund	0%	2%	6%	11%	81%	0%	0%	0%	0%	0%	0%	0.16%
KKFF	Standard Life Pre Ret (Passive Plus Universal)	0%	0%	18%	18%	64%	0%	0%	0%	0%	0%	0%	0.14%
KLIB	SL Inv Pathway Option 1 Pension Fund	0%	0%	40%	0%	60%	0%	0%	0%	0%	0%	0%	0.14%
KO	SL Fidelity Special Situations Pension Fund	0%	0%	0%	25%	75%	0%	0%	0%	0%	0%	0%	0.03%
LCKK	SL Inv Pathway Option 3 Pension Fund	0%	0%	0%	0%	50%	50%	0%	0%	0%	0%	0%	0.19%
LLJE	SL ASI MyFolio Market II Pension Fund	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0.26%
LLPA	Standard Life Active Plus II Pension Fund	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0.02%
MMKF	SL ASI MyFolio Multi-Manager III Pension Fund	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0.01%
NB	SL iShares Index Linked Gilt Index Pension Fund	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%	-0.01%

Fund Code	Fund Name	< 0.3%	0.3 to 0.39	0.4 to 0.49	0.5 to 0.59	0.6 to 0.75	0.76 to 0.85	0.86 to 0.95	0.96 to 1.00	1.01 to 1.25	1.26 to 1.40	> 1.40%	Transaction Cost
ND	SL iShares Over 15 Year Gilt Index Pension Fund	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0%	0.00%
NJEE	SL Inv Pathway Option 2 Pension Fund	0%	0%	0%	50%	50%	0%	0%	0%	0%	0%	0%	0.77%
S8	SL BlackRock Aquila Connect Sterling Govt Liq Pn	0%	0%	0%	0%	80%	0%	0%	0%	20%	0%	0%	0.19%
YX	SL ASI Global Absolute Return Strategies Pension	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	0%	0.03%
YX	SL ASI Global Absolute Return Strategies Pension	0.0%	0.0%	0.0%	13.4%	82.3%	4.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.772%

The fund names marked with an * are redacted as they are for the sole use of employees of specific employers and it is not appropriate to disclose their name in a publicly-available document. If you are an employee of one of these employer's the full fund names are available to you via your employer's dedicated pension scheme micro site and/or relevant pension scheme documentation.

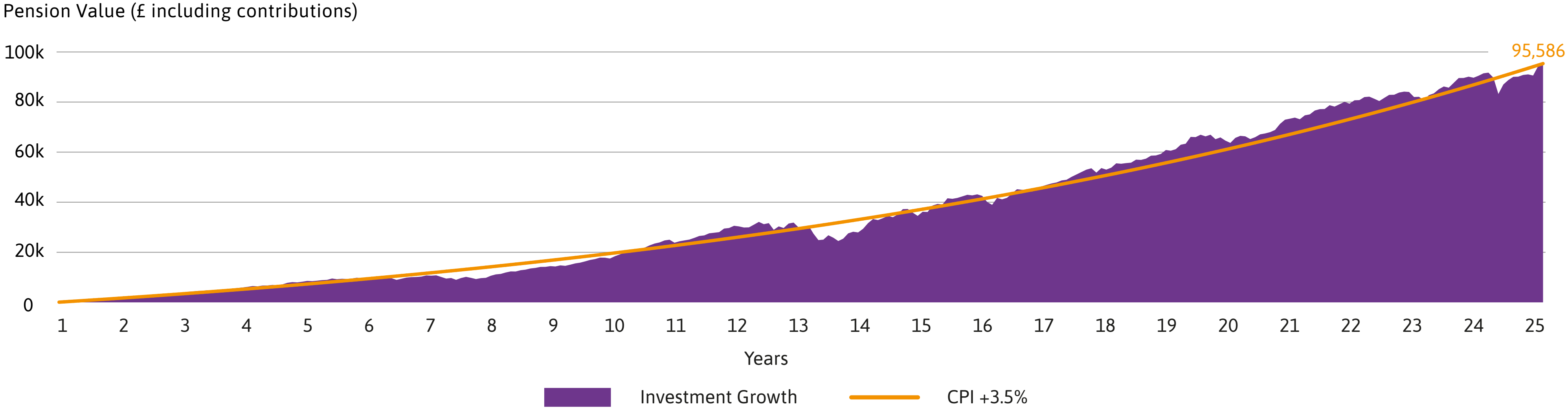
Supporting Material

Investment Performance and Services

Supporting Material

Investments

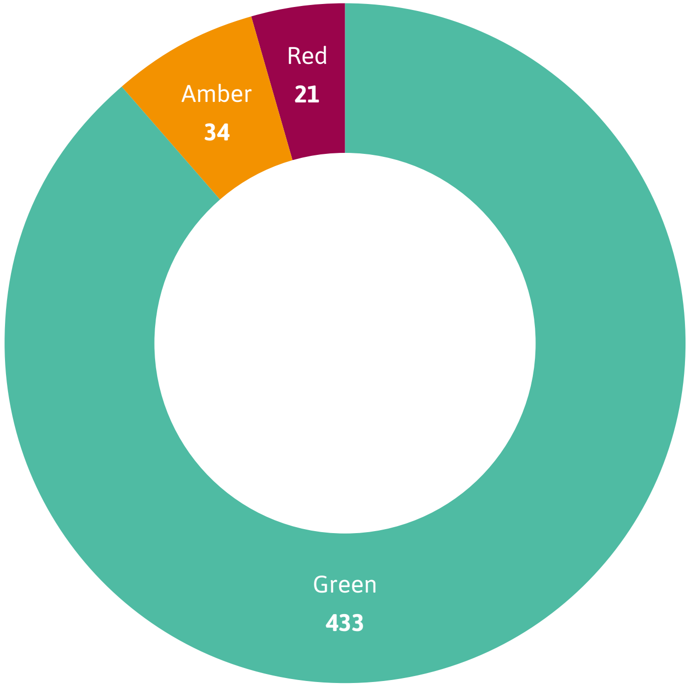
25 Years Savings Journey, including Glidepath to Retirement



	Annualised adjusted performance over a 25 year investment period*
Standard Life Managed Fund moving into Active Plus III Universal SLP	5.5%
CPI +3.5%	5.5%

*Performance adjusted to reflect 0.75% charge cap for default investment strategies. Pension value included contributions equivalent to £200 per month allowing for inflation. Source: FE Fundinfo FinXL, as at 7 April 2021 with performance shown for the period 31/12/1995 – 31/12/2020.

Performance RAG distribution (rated funds)



There were 62 unrated funds due to unavailability of data

Note: the IGC performance RAG assesses each fund's performance relative to its own stated benchmark over 3 years and is reported every quarter. Funds are flagged as Amber or Red if relative performance is outside a specified tolerance range for each type of investment strategy (Passive, Core Active, High Alpha, Unconstrained).

Summary (Proportion of overall fund range in each Quartile)	Quartile rankings		
	5 Year	**10 Year**	**15 Year**
Quartile Summary (% of Ranked funds in each quartile over stated periods)			
Quartile 1	17%	17%	27%
Quartile 2	21%	26%	31%
Quartile 3	28%	26%	28%
Quartile 4	34%	30%	25%
TOTAL number of ranked funds	278	171	102
Where funds are in ABI Unclassified and ABI Specialist sectors performance ranking of these funds as a whole is inappropriate given the diverse nature of the sector constituents. Values below show the percentage of SLAL IGC Unit Linked Insured Funds which are either Unclassified or Specialist.			
Unranked (% of total number of funds which are unranked)	40%	23%	13%
Total number of funds in-scope	463	221	117

Source: Quartile rankings and ABI Pension Sector: FE. The rankings range from 1 to 4, with 1 representing those funds within the top 25% of sector and 4 those funds within the lowest 25% of their sector. Where funds are in the ABI Unclassified and Specialist sector, Quartile rankings are not appropriate due to the diverse nature of their components. All other information: Standard Life.

Supporting Material

Competitor Analysis – Cumulate 3 year risk adjusted performance, Sharpe and Sortino ratios

Sharpe and Sortino ratios

	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Active Plus III	0.79	0.74	0.64	0.00	0.02	0.05	0.15	0.08	0.08	0.13	0.01	0.24	0.26	0.25	0.30	0.41	0.41	0.36	0.43	0.39	0.45	0.44	0.59	0.58	0.77
Passive Plus III	0.88	0.86	0.74	0.00	0.02	0.08	0.18	0.11	0.12	0.16	0.04	0.27	0.27	0.27	0.30	0.44	0.45	0.39	0.46	0.41	0.47	0.45	0.59	0.59	0.77
Competitor fund 1	1.15	1.16	1.05	0.08	0.32	0.36	0.43	0.40	0.41	0.45	0.32	0.49	0.51	0.51	0.52	0.69	0.70	0.61	0.70	0.65	0.67	0.66	0.84	0.83	1.06
Competitor fund 2	1.18	1.16	1.05	0.06	0.29	0.33	0.43	0.40	0.36	0.45	0.33	0.55	0.54	0.56	0.58	0.70	0.70	0.65	0.71	0.67	0.75	0.70	0.86	0.84	1.02
Competitor fund 3	0.66	0.62	0.52	0.00	0.09	0.14	0.24	0.21	0.23	0.26	0.13	0.37	0.39	0.43	0.50	0.65	0.62	0.54	0.60	0.58	0.64	0.64	0.80	0.76	0.94
Competitor fund 4	0.81	0.72	0.64	0.00	0.08	0.08	0.16	0.11	0.14	0.14	0.00	0.22	0.22	0.23	0.31	0.47	0.44	0.37	0.43	0.42	0.48	0.47	0.66	0.67	0.92
Competitor fund 5	0.76	0.69	0.60	0.00	0.08	0.11	0.19	0.14	0.16	0.20	0.05	0.26	0.26	0.26	0.32	0.50	0.48	0.43	0.52	0.46	0.51	0.48	0.73	0.68	0.89

Sortino ratio

	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Active Plus III	0.77	0.75	0.65	-0.18	0.02	0.04	0.12	0.07	0.07	0.11	0.01	0.22	0.23	0.23	0.28	0.37	0.37	0.33	0.37	0.35	0.41	0.40	0.53	0.52	0.67
Passive Plus III	0.97	0.95	0.82	-0.15	0.02	0.07	0.15	0.10	0.10	0.14	0.04	0.26	0.25	0.25	0.28	0.40	0.41	0.37	0.42	0.38	0.43	0.42	0.54	0.53	0.68
Competitor fund 1	1.11	1.11	1.01	0.06	0.25	0.28	0.33	0.31	0.31	0.35	0.26	0.41	0.42	0.42	0.44	0.56	0.56	0.51	0.57	0.53	0.54	0.53	0.66	0.65	0.80
Competitor fund 2	1.41	1.38	1.24	0.05	0.25	0.30	0.37	0.35	0.32	0.38	0.29	0.49	0.49	0.51	0.52	0.61	0.61	0.56	0.59	0.56	0.60	0.56	0.66	0.65	0.75
Competitor fund 3	0.70	0.65	0.55	-0.18	0.08	0.12	0.21	0.19	0.21	0.23	0.12	0.37	0.39	0.42	0.47	0.59	0.56	0.49	0.52	0.50	0.55	0.56	0.71	0.67	0.80
Competitor fund 4	0.81	0.74	0.66	-0.12	0.07	0.07	0.13	0.10	0.13	0.13	0.00	0.20	0.21	0.21	0.27	0.40	0.37	0.31	0.35	0.34	0.39	0.39	0.52	0.53	0.72
Competitor fund 5	0.69	0.65	0.57	-0.14	0.07	0.09	0.15	0.12	0.13	0.17	0.04	0.24	0.24	0.24	0.29	0.44	0.43	0.39	0.46	0.40	0.45	0.43	0.63	0.62	0.79

Source: FE Fund Info FinXL 22/02/2022.
Methodology: All returns calculated Gross income reinvested in GBP using BofE base rate (0.50%)

*The Sharpe ratio indicates how well an equity investment is performing compared to a risk-free investment, taking into consideration the additional risk level involved with holding the equity investment. The Sortino ratio is a variation of the Sharpe ratio that only factors in downside risk.

External Assessment of Value for Money in Investments

Standard Life and Redington developed an investment VfM assessment framework.

The framework enables the IGC to identify, on a quantitative basis alongside existing controls and reporting, if any default strategies or single funds may not be providing value for money. For those strategies or funds identified, further investigative work is carried out to determine if it is offering value for money or not as deemed by the IGC.

The assessment takes into account the differing objectives of an investment strategy through the retirement journey.

It is made up of a **forward-looking** and **backward-looking assessment**. A final score of less than 3 for either the forward or backward-looking assessments will require further investigation. A final score of 3 or more effectively passes the assessments.

Forward-Looking Assessment

Considers the entire investment journey for a member, focusing on 4 particular time-based slices.

The assessment looks to determine:

- If the strategy has the propensity to deliver a good outcome for members; and
- Whether the target of the strategy (e.g. cash, annuity, drawdown) is aligned to the investments used at the end of the glidepath.

Backward-Looking Assessment

Considers past performance and tracking error of the underlying funds.

The purpose is to ensure the IGC can identify fund-specific issues that would prevent a strategy from being value for money, for instance:

- Poor performing actively managed funds (significant and sustained);
- Passively-managed funds with significant tracking errors;
- Actively managed funds which are closet index-trackers: and
- Expensive passive funds.

With-Profits funds underlying asset share performance vs CPI

IGC Company	Standard Life					
IGC Fund	Pension With-Profits Fund	Pension Millennium WP Fund (repriced)	Single Charge Funds (pre-demutual)	Single Charge Funds (post-demutual)	Stakeholder WP Fund	Stakeholder WP 2006 Fund
IGC Bonus Series	GPPP	GPPP	GPPOne GPPFlex GPPLE	GPPOne GPPFlex GPPLE	Group/Corporate Stakeholder	Group/Corporate Stakeholder
1yr return vs CPI	-3.9%	8.0%	7.8%	7.7%	4.8%	4.7%
3yr pa return vs CPI	0.3%	4.1%	3.9%	3.8%	5.4%	5.3%
5yr pa return vs CPI	-1.2%	1.5%	1.3%	1.2%	2.0%	1.9%
Current annual bonus pa	4.0%	0.75%	0.75%	0.75%	0.0%	0.0%
1yr annual bonus vs CPI	3.4%	0.1%	0.1%	0.1%	-0.6%	-0.6%
3yr pa annual bonus vs CPI	2.7%	-0.6%	-0.6%	-0.6%	-1.3%	-1.3%
5yr pa annual bonus vs CPI	2.3%	-1.0%	-1.0%	-1.0%	-1.7%	-1.7%

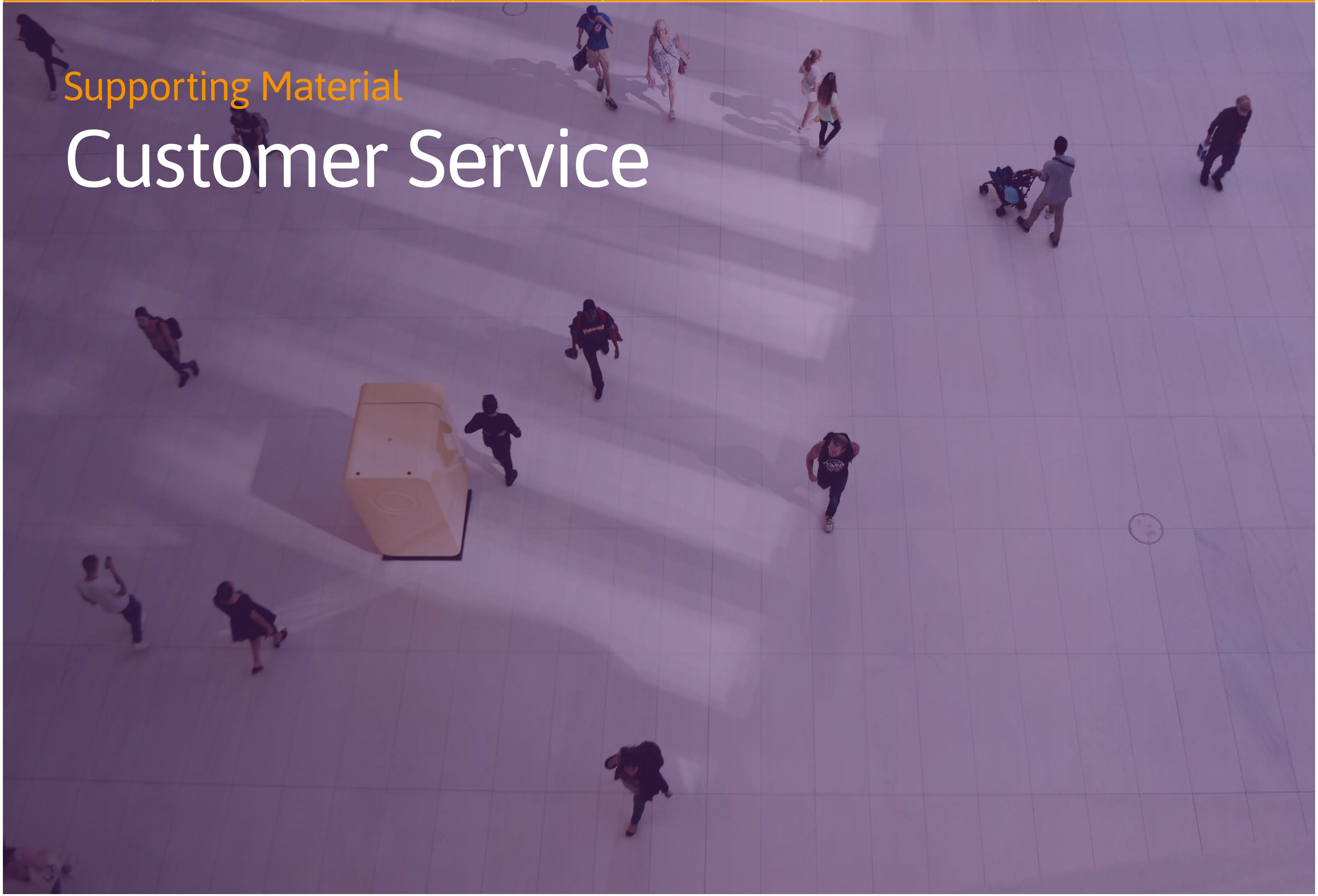
The table provides a comparison of the annualised investment return after expenses and charges over the last 1, 3 and 5 year periods against CPI. This gives an indication as to how the porfolios underlying policies have performed over the periods compared to CPI.

The table also shows the growth in bonuses compared to CPI over the same period. This in itself is not an indicator of value for money, but bonuses can be a valuable part of a WP policy and this table illustrates how they have increased over the period.

The annualised CPI returns over the last 1, 3 and 5 years are: 1 year = 0.6%, 3 years = 1.3% p.a., 5 years = 1.7% p.a.

Supporting Material

Customer Service



Supporting Material

Customer Service

Customer Service Data

In this appendix we provide some detailed data on the performance measures which the IGC has used to determine its value for money assessment for customer service.

Table A – Automated and Manual Transactions

The table below shows the speed of processing by Standard Life of the core financial transactions during 2021.

	Percentage of Total Core Financial Transactions 2021					Number of Core Financial Transactions 2021					
Core Financial Transaction	Same Day	Next Day	2 to 5 days	6 to 10 days	Over 10 days	Same Day	Next Day	2 to 5 days	6 to 10 days	Over 10 days	Total
Regular Contributions	90.6%	7.1%	1.8%	0.2%	0.3%	12,696,013	999,961	257,382	30,839	35,658	14,019,853
Ad-Hoc Contributions	98.5%	0.4%	0.3%	0.2%	0.6%	110,570	426	318	221	669	112,204
Single Contributions	88.6%	4.1%	4.0%	1.8%	1.5%	32,753	1,518	1,478	671	568	36,988
Transfers In	95.5%	1.4%	1.8%	0.7%	0.6%	23,056	339	445	163	151	24,154
Fund Switches	99.6%	0.1%	0.2%	0.1%	0.1%	3,189,206	1,686	5,215	1,961	4,129	3,202,197
Transfers Out (End to End)	43.2%	10.2%	43.0%	3.0%	0.6%	34,004	8,002	33,877	2,326	487	78,696
Retirements (End to End)	37.8%	38.4%	18.8%	3.8%	1.2%	7,708	7,829	3,839	781	253	20,410
Death Settlements (End to End)	2.1%	0.6%	2.8%	6.9%	87.6%	35	10	48	118	1,494	1,705
Transfers Out (Asset Sale Only)	43.5%	9.9%	43.0%	2.9%	0.6%	34,679	7,929	34,288	2,298	507	79,701
Retirements (Asset Sale Only)	71.3%	7.3%	18.0%	2.5%	0.9%	14,612	1,490	3,695	504	192	20,493
Death Settlements (Asset Sale Only)	99.5%	0.0%	0.0%	0.0%	0.4%	3,610	0	1	1	15	3,627

Source: Standard Life *The measurement of death settlement is date of death to final settlement date.

Table B – Core Financial Transactions (manual only)

Core Financial Transactions Not Processed "Straight Through"

The table below shows Standard Life's performance in relation to core financial transactions which were unable to be processed on an automated basis. The table shows the performance for 2020 and the three previous years for comparison.

Demand	Total Cases Completed 2018	% Within 10 Working Days 2018	Total Cases Completed 2019	% Within 10 Working Days 2019	Total Cases Completed 2020	% Within 10 Working Days 2020	Total Cases Completed 2021	% Within 10 Working Days 2021
Contributions Allocated (excluding online payments)	4,974	97.13%	15,438	99.46%	15,141	99.24%	19,242	99.22%
Allocate Transfer of Benefits In	15,459	82.82%	27,160	93.86%	49,590	91.17%	41,849	85.31%
Information Requests Issued	67,344	96.64%	78,153	96.73%	73,732	86.61%	92,149	86.54%
Updates to Records	101,506	95.60%	138,313	97.93%	129,708	95.84%	144.353	94.24%
Leavers Processed (not online)	4,646	93.82%	4,040	97.10%	4,428	93.74%	4,047	93.65%
Change or Switch Investments (not online)	18,069	99.38%	24,374	99.67%	35,475	99.76%	17.903	99.35%
Pay Transfer of Benefits Out	18,139	77.57%	50,017	98.75%	50,559	98.18%	63,719	96.48%
Pay Benefits on Retirement	5,627	94.37%	10,395	99.04%	9,902	98.36%	9,013	97.80%
Pay Benefits on Death	2,523	47.48%	2,709	54.41%	3,367	42.56%	3.087	43.63%

Table C – Oldest cases

Non-Automated Demand Oldest Cases 2020 v 2019 & 2018

The table below shows how many transactions took longer than 10 days for Standard Life to process during 2020 and how this compares with the two previous years.

Days	11 to 20	21 to 50	51 to 75	76 to 100	101 to 150	151 to 200	>200	Total
2019 Total Processed	6,408	2,422	276	120	77	5	20	9,328
2020 Total Processed	19,396	3,162	329	126	97	15	18	23,143
2021 Total Processed	26,378	2,922	568	189	139	34	46	23,143

Source: Standard Life.

Supporting Material

Communication and Engagement

Supporting Material

Communication and Engagement

Fit for Purpose Protocol

1. **What is the PURPOSE of this communication and desired outcome for:**
   i. the provider
   ii. the customer

(NB: purpose could be to provide information, inform a decision, prompt action or give comfort that an existing decision is still fine)

2. **How are the contents FIT for the identified PURPOSE – that is:**
   i. contains at least the minimum information required for the identified purpose, or indeed more than the minimum if it can make the document more accessible and/or appealing; and
   ii. how the minimum information (and anything additional) has been tailored to the characteristics, needs and objectives of the customer e.g. age, sex, risk appetite, level of financial understanding.
3. **How has the communication been designed and/or presented to make it as accessible and appealing as possible to the relevant customer? (E.g. appropriate reading age, colour, use of diagrams etc.)?**
4. **What evidence exists to demonstrate that the desired outcome has been achieved? (i.e. customer research re extent to which the communication has been i. read; ii. understood; and iii. acted upon).**

Employee Engagement Programme

The chart demonstrates the percentage of customers to have taken a specific action in the last 12 months to December 31 2021.
Source: Standard Life D&A Data, Customer Engagement Scorecard, IGC customers only, latest 12 months to December 2021.

Communication	Open Rate (Mean industry benchmark 21%)	Click to open rate (Mean Industry benchmark 10.9%)	Uplift in Activity 7 days after email	Unsubscribed
Join/Welcome journey *'Welcome to Standard Life'*	58.1% starting out 60% growth 63.3% preparation	29.1% starting out 29.7% growth 28.6% preparation	App login 50.29% Dashboard login 56.2% Digital login 72.8% Dashboard register 77.7%	Unsubscribed 0.44%
Contributions have started *'Good News – Contributions have started'*	51.8% starting out 56.3% growth 61.9% preparation	13.5% starting out 13.3% growth 14.2% preparation	App login 27.82% Dashboard login 59.9% Digital login 43.3% Dashboard register 113.6%	Unsubscribed 0.14%
MoneyPlus Blog *Monthly pulse*	67.7% starting out 74.9% growth 80.3% preparation 85.6% retiring	22% starting out 33.8% growth 50.5% preparation 67.7% retiring	Note: uplift in activity not measured for this communication	Unsubscribed 0.10%
Leaving employer *'Keep saving for the future you want'*	60.8% starting out 67.5% growth 73.3% preparation	6.3% starting out 6.8% growth 8.2% preparation	App login 2.73% Dashboard login 9.8% Digital login 3.7% Dashboard register 24.6%	Unsubscribed 0.24%
Pre-Retirement milestones *Various around getting ready Sent at age 49, 54,59,64 and 69.*	40.2% age 49 45.4% age 54 47% age 59 52.7% age 64 54.1% age 69	6.1% age 49 8.3% age 54 7.9% age 59 14.9% age 64 11.5% age 69	App login 1.34% Dashboard login 12.4% Digital login 6% Dashboard register 103%	Unsubscribed 0.14%
Approaching Selected Retirement Date *'Helping you plan for the future' Sent 2 years, 18 months and 1 year before the customer's NRD*	48.2% 2 years 52.6% 18 months 54.2% 1 Year	10% 2 years 11% 18 months 12.6% 1 year	App login 0.08% Dashboard login 6% Digital login 4% Dashboard register 24.6%	Unsubscribed 0.10%

Customer Interactions

The table demonstrates the percentage of customers that have interacted with Standard Life in the last 12 months to 31st December 2021. Source: Customer Engagement Scorecard, last 12 months to 31.12.21

	Starting Out Members in the early part of their savings journey. Typically under 35 (31% of population)		**Growth Members entering the later stage of accumulation. Typically 35 to 50 years (33% of population)**		**Preparation Members entering the final stage of accumulation. Typically 50 to 64 years (32% of population)**		**Retiring Members who have semi or fully retired. Age may vary, but 55+ years (4% of population)**		**Total Across all life stages**	
	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021
Interacted with Standard Life in the last 12 months (inbound call, online login/mobile app/email click based on whole population based on whole population)	18.0%	23%	20.6%	27.4%	28.0%	35%	40.9%	47.7%	22.4%	28.9%
Inbound – calls; at least once in 12 month period (based on the actively engaged population)	13.1%	9.6%	15.8%	12.3%	21.8%	18.3%	39.9%	34.9%	18.5%	14.9%
Digitally enabled members (registered for the Dashboard or SSO access – does not include members accessing via Lifelens)	23.8%	30.1%	26.4%	32.9%	30.2%	36.3%	36.0%	41.9%	26.9%	33.3%
Accessed dashboard at least once in 12 month period (based on digitally enabled members)	53.1%	51.4%	55.3%	55.3%	65.6%	64.4%	74.2%	70.8%	58.7%	57.7%
Accessed mobile app at least once in 12 months period (based on the digitally enabled members)	19.9%	19.6%	19.2%	19.8%	16.3%	18.3%	10.9%	12.7%	18.2%	19.0%
Inbound – secure messaging; at least once in 12 month period (based on digitally enabled members)	3.9%	3.2%	4.2%	3.9%	5.8%	6%	7.8%	8.8%	4.7%	4.5%

Actions Taken by Customers

The table demonstrates the percentage of customers to have taken a specific action in the last 12 months to 31st December 2021. Source: Standard Life D&A Data, Customer Engagement Scorecard, IGC customers only, latest 12 months to 31.12.2021.

	Starting Out **Members in the early part of their savings journey. Typically under 35 (31% of population)**		**Growth** **Members entering the later stage of accumulation. Typically 35 to 50 years (33% of population)**		**Preparation** **Members entering the final stage of accumulation. Typically 50 to 64 years (32% of population)**		**Retiring** **Members who have semi or fully retired. Age may vary, but 55+ years (4% of population)**		**Total** **Across all life stages**	
	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021
Registered online in the last 12 months	7.3%	9.1%	6.0%	7.6%	6.7%	8.1%	8.8%	8.7%	6.7%	8.2%
Updated beneficiary in the last 12 months (based on actively engaged members)	5.3%	6.3%	8.9%	9.4%	8.0%	10.1%	7.4%	9.0%	7.3%	8.9%
Updated contact details in the last 12 months (based on actively engaged members)	13.8%	17.4%	14.9%	19.6%	18.5%	21.7%	26.8%	32.4%	16.5%	20.5%
Update Selected Retirement Date (SRD) in the last 12 months (based on actively engaged members)	2.4%	2.1%	2.9%	2.5%	6.2%	6.1%	30.0%	28.1%	5.3%	5.0%
Contributed in the last 12 months – one off or regulars	45.8%	43.9%	36.3%	34.5%	41.7%	39.3%	38.7%	36.0%	40.9%	38.7%
Consolidated in the last 12 months (transfers paid into plan)	1.2%	1.2%	1.0%	1.2%	0.9%	1.2%	0.7%	1.3%	1.0%	1.2%
Use of tools in the last 12 months (based on digitally enabled members)	0.2%	0.1%	0.2%	0.1%	5.9%	4.9%	12.3%	12.6%	2.1%	2.9%

Supporting Material

ESG and Stewardship

Supporting Material

ESG and Stewardship

In the ESG and Stewardship sections of the Key Messages and Further Commentary parts of the report, we listed some of the key developments that Standard Life has put in place during 2021. The purpose of what follows in this part of the report is to explain a bit more about the framework that is in place and what has been done to strengthen it in 2021 and why the IGC is so impressed with the progress made.

The Phoenix Group sustainability strategy

In last year's IGC report, we explained how one of the 5 key priorities for the management team of Phoenix Group, and hence Standard Life, is to "Put sustainability at the heart of our business". What is meant by that is set out in the following commitments:

"We will make responsible investment decisions and consider the sustainability of our investments in safeguarding the interests of our customers, shareholders and other stakeholders. Beyond this, we will be driven by our purpose in every decision we take. As a thought-leader, we have a point of view on the issues that matter to people – issues such as the future of work, intergenerational fairness or gender savings gaps. We will work actively to use our influence to create a positive impact on our people, our customers and on wider society."

Their strategy has evolved during 2021 and now has three areas of focus:

1. Investing in a sustainable future;
2. Engaging people in better financial futures; and
3. Building a leading responsible business.

In the 2021 Sustainability Report (published in March 2022 and available **here**), Phoenix expand on their strategy in each of these areas. The first area is particularly relevant to this section of the IGC report:

"As the UK's largest long-term savings and retirement business we are responsible for managing over £310 billion of assets on behalf of our c.13 million customers. Our customers and shareholders trust us to reflect their priorities in how we invest. That means keeping their money safe and providing them with strong long-term financial returns, while using our scale to play our part in delivering a secure and sustainable future. That is why we are integrating environmental, social and governance issues into our investment decision making process. By investing sustainably we can help to deliver the future that we all want."

The IGC continues to be pleased to see such a strong "tone from the top" on ESG issues, with its strong focus on customer interests and outcomes.

Strengthened policy framework

That Phoenix Group is serious about following through on these commitments can be seen from the way Responsible Investment considerations have been built into the Group's Risk Management Framework (RMF). The RMF seeks to establish a coherent and interactive set of arrangements and processes to support the effective management of risk throughout the Group. The Group Risk Policy Framework is a key component of the RMF. Group risk policies support the delivery of the Group's strategy by establishing the operating principles and expectations for managing the key risks to the Group's business. They set the risk appetite within which these key risks should be managed and the minimum control standards that the business must adhere to in order to operate within the stated risk appetite.

Standard Life Group Responsible Investment (RI)

Embedded within the Group Risk Management framework

Group Sustainability Policy
Part of Risk Mgt Framework (Requires a framework).

Market Risk Policy

Credit Risk Policy

Group Responsible Investment Philosophy
This is the framework that discharges the policy requirements for assets managed by the group.

New for 2021
Exclusion Policy
Supplements the RI Philosophy confirming the exclusions to be made to the Policyholder book.

Updated 2021
RI Principles & Practices
Supplements the above, and brings to life the 'so what' for customers.

New for 2021
Stewardship Policy
Supplements the RI Philosophy and lays out the approach and process to Stewardship.

Updated 2021
Updated end 2020 to:
The Approach to Responsible Investing – Customer Facing

Standard Life 'RI Policy' (2019)
Published to the 'Standard Life' industry stakeholders such as trustees etc.

The Group has six "macro" Risk Appetite Statements that shape what is done across the whole Group. They set out the Group's approach to Capital, Liquidity, Shareholder Value, Control, Conduct and Sustainability. The Sustainability statement is particularly relevant to this section of the IGC report:

"Sustainability – The group will deliver on its sustainability commitments to foster responsible investment, reduce our environmental impact, follow our corporate purpose and be a good corporate citizen."

The IGC sees this as particularly significant, as it puts Responsible Investment (and hence ESG and Stewardship considerations) at the heart of how Standard Life, as part of the Phoenix Group, is required to carry out its business.

Following on from this, a number of key supporting documents have been produced, setting out how these aspirations and commitments become embedded in business operations:

- The **Sustainability Risk Policy** for the Group;
- A **Responsible Investment Philosophy** setting out what is expected of the investment managers that Phoenix Group use;
- A more detailed set of **Responsible Investment Principles and Practice**s that apply to customer investment decisions; and, new in 2021
- An **Exclusion Policy** setting out the principles that should guide "the focused use of portfolio exclusions alongside other ESG engagement and investment strategies; and
- The first **Stewardship Policy** for the Group.

Owned by the Group CEO, the **Sustainability Risk Policy** sets out the high thresholds concerning Sustainability and Responsible Investment that must be met across all the relevant areas of the business, including, in particular, the investments being made on behalf of customers (including, by definition, those within our scope). Amongst the key highlights in the policy from the perspective of the IGC's scope are the following:

- The policy confirms that Phoenix Group has a "very low appetite" for failing to deliver an adequate and effective Responsible Investment Philosophy and for failing to maintain an appropriate framework to integrate sustainability activities in the investment activities of the business;
- The policy requires regular review (at least annually) of the Group's Responsible Investment Philosophy and the minimum areas that it must cover;
- It also requires the setting of Responsible Investment objectives and actions, at least annually, to support the delivery of the Group's Sustainability Vision; and
- The policy requires quarterly reporting on the implementation of the Responsible Investment objectives.

The **Responsible Investment Philosophy** is a public document, available on the **website**. It sets out Standard Life's commitment to Responsible Investment, and what that means in practice. The Philosophy applies to all the Group's investment portfolios across with-profits, unit-linked and non-profit policies, where Phoenix Group has the ability to determine the investment strategy and investment guidelines that apply. Where customers choose to invest in externally-managed investment options, then Standard Life has less influence over the ESG policies followed.

The IGC recognises this distinction, but continues to encourage Standard Life to make the most of whatever influence it might have in the latter situations.

Central to Standard Life's approach is its commitment to the United Nations-supported Principles of Responsible Investment (PRI).

Phoenix Group became a signatory to the PRI towards the end of 2020, one of the first insurance groups in the UK (rather than just the fund management subsidiary) to do so. Phoenix Group are now publicly committed:

- To incorporate ESG issues into investment analysis and decision-making processes;
- To be active owners and incorporate ESG issues into the Group's ownership policies and practices;
- To seek appropriate disclosure on ESG issues by the entities in which the Group invests;
- To promote acceptance and implementation of the Principles within the investment industry;
- To work together to enhance effectiveness in implementing the Principles; and
- To report on activities and progress towards implementing the Principles.

Phoenix Group requires all the fund managers that it uses to be signatories of the UN PRI too, and to have the necessary resources and operational structure to embed ESG considerations into their investment and decision-making processes. There is a regular programme of oversight in place to ensure that fund managers are delivering to these standards.

The Responsible Investment Principles and Practices were first published in 2020, building on the September 2019 Standard Life publication entitled: "Integrating a responsible approach to your pension investments". They set out a more clear and more measurable set of outcomes that Standard Life is targeting in respect of customers' investments.

- There are six principles, that set out the key objectives in all the relevant areas – e.g. how ESG impacts investment strategy decisions and how they are implemented; how customer views are taken into account; what Standard Life expects of the fund managers it appoints etc. – See box to the right.
- Each Principle is accompanied by a number of Practices that explain the specific actions that follow from the Principles.
- The Principles are not expected to change often. However, they are kept under regular review, and any changes would need to be approved by the Investment Committee and/or the Board. Minor revisions were made to some of them in 2021, to improve clarity around what Phoenix does directly and what is done through their asset manager partners.
- The Practices are expected to evolve as the business environment changes. Any change will follow formal consultation with the management responsible for the relevant blocks of business and/or processes. Material changes to the practices would need approval from the Investment Committee and/or the Board. Significant changes were made to some of the Practices in 2021, to improve clarity and to reflect the new **Exclusions Policy** and some of the key climate-related targets that Phoenix Group have set for themselves.
- The Principles and Practices apply to all policyholder assets of the Phoenix Group, but not to External Fund Links (EFLs) that Standard Life provides some customers on a self-select basis, as Standard Life has no direct control over how these funds are run.

The 6 Principles in the "Principles and Practices – Responsible Investment for Policyholder Assets"

Principle 1 – Strategy

We invest responsibly with ESG risks and opportunities incorporated into our investment analysis and decision-making processes. We will hold investments where we and our asset managers have considered and assessed financially material ESG risks. We also consider non-financial risks where appropriate in our investment decisions.

Principle 2 – Customer voice

We actively seek views from customers and reflect these in our fund range and investment strategies, as there are many who want to invest in ways that align to their own values.

Principle 3 – Asset manager selection

We only appoint asset managers who meet our Responsible Investment standards. We ensure that existing and new asset managers continue to meet our standards through our due diligence processes.

Principle 4 – Active stewardship

We are responsible asset owners and actively foster responsible stewardship of all investments that are managed on our behalf. We promote good ESG practices by investee companies through engagement activities conducted internally and through our asset managers. We monitor our asset managers' voting policies and practices.

Principle 5 – Disclosure and reporting

We seek appropriate disclosures on ESG issues from the asset managers with whom we invest and partner. We also report on activities and progress relating to our own principles and practices in an open and transparent way.

Principles 6 – Industry leader

We strive to play a leadership role in Responsible Investing and liaise with industry bodies in order to be at the forefront of industry development. We will promote Sustainable Investing within our industry, using our voice as a large insurer and long-term global investor to influence and drive change throughout the industry.

The IGC was very pleased when these Principles and Practices were developed, as we had been pushing for some time for a clearer articulation of what impact ESG considerations and Stewardship is actually having on the pension savings of in-scope **customers**. The 2021 changes are helpful developments, improving clarity and reflecting the strengthened framework that is now in place.

The **Investment Exclusions Policy** was first published in September 2021. It starts from the Phoenix Group's commitment to "putting Sustainability at the heart of its business by integrating environmental, social and governance factors (ESG) into the investment process", but recognises that there may be times when it is better not to invest at all in certain companies or industries, rather than investing and trying to push for positive change from within.

The policy sets out four principles which, if satisfied, would be expected to lead to those assets being excluded from investment portfolios controlled by Phoenix (including Standard Life):

Principle 1: Sectors or companies that face acute social or environmental challenges that are very likely to translate into financially material risks;

Principle 2: Sectors or companies where we do not believe that engagement will be effective;

Principle 3: Sectors or companies that do not adhere to international standards of minimum acceptable behaviour as identified in relevant international treaties and United Nations initiatives; and

Principle 4: Sectors or companies that do not align with Phoenix's pledges and commitments, corporate values and present reputation risk.

"Exclusion" means that Phoenix will not make additional investments and will sell existing holdings from in-scope portfolios within 12 months. The policy also allows for a waiver process to be followed where particular extenuating circumstances suggest that a particular asset or sector should not be excluded at that time (for example, because the company is making good progress in responding to previous challenges from Phoenix and/or further opportunities for engagement with management exist.

The policy applies to all assets where Phoenix (and hence Standard Life) has direct control over the investment mandate. For those assets where Phoenix does not have control (e.g. investment fund choices managed by third parties that Standard Life makes available to customers), Phoenix will use whatever influence it has to engage with the relevant investment manager to encourage implementation of a consistent approach.

The initial list of potential exclusions was drawn up in July 2021 and included 544 issuers, covering such areas as:

- Manufacturers of controversial weapons;
- Tobacco producers; and
- Companies where more than 20% of revenues come from certain forms of fossil fuel production (e.g. thermal coal, oil sands and artic drilling).

Of these, 21 issuers were proposed for waivers, leaving 523 issuers on the final list. At the time of writing this report, it is expected that all sales of excluded assets will be completed by the end of July 2022.

The excluded sectors and thresholds applied will be reviewed twice a year by the Phoenix Sustainability Team.

It is not the IGC's role to opine on what criteria are applied by Phoenix (and hence Standard Life). Rather, we are looking for evidence that principles are in place to address climate-related and other factors that could lead to financially material risk, that the principles are based on a robust process of analysis and review, their approval is subject to appropriate internal governance, and they are implemented in a controlled and transparent way.

In the IGC's opinion, the Investment Exclusions Policy meets these standards, and plays an important role as part of the overarching approach to Responsible Investment that applies within Phoenix Group (and hence Standard Life).

The development of the **Group Stewardship Policy** was another important milestone in 2021. Approved in November 2021, it sets out what Phoenix (and hence Standard Life) mean by "Stewardship" and their commitment to support effective engagement with the companies in which they invest (whether using customer money or shareholder money).

In terms of definition, Phoenix embrace the Financial Reporting Council's definition that:

"Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society."

For Phoenix, "Stewardship" refers to their "use of the rights and position of ownership to influence the activity or behaviour of the companies they invest in". Where they hold shares (i.e. equity) in a company, this means engaging with the company's management, influencing on issues of concern and voting on company resolutions at shareholder meetings. For other types of investment, voting may not be applicable, but Phoenix would still aim to engage as appropriate. The policy sets out what Phoenix sees as the characteristics of effective stewardship, including:

- Robust ESG research on material risks and opportunities, using internal and external data;
- Dialogue with corporate top decision makers;
- Setting of goals;
- Continuous evaluation of progress against objectives; and
- Influence on investment decision-making.

The policy recognises that the majority of Phoenix's engagement activity with investee companies will be conducted by their asset manager partners. However, importantly, the policy also makes clear that Phoenix reserves the right to deal direct with investee companies and also join collaborative engagements with other investors.

The policy also recognises that Phoenix does not have the same influence over externally-managed investment fund choices (EFLs, external fund links) as it does over the investment funds where it chooses the investment strategy and fund manager partners implement it on Phoenix's behalf.

That Phoenix is definitely committed to such responsible behaviour can be seem, not just from this public policy, but also the public letter written by the Phoenix Group Chief Investment Officer, Mike Eakins, to their asset manager partners on 22nd July 2021, setting out the Group's expectations of those who manage their investments. The IGC also gets regular internal briefings and management information that demonstrates the operation, in practice, of this approach to stewardship.

In the IGC's opinion, the Phoenix Group policy on Stewardship, which applies within Standard Life, is of a high quality and appropriately addresses Standard Life's Stewardship obligations. While it is still early days in its implementation, what is in place already would seem robust and effective to the IGC. It is Phoenix Group's intention to become a signatory to the FRC's Stewardship Code in 2023, and, should their application be accepted, this will be an important external validation of the effectiveness of their approach.

Strengthened governance framework

By embedding Responsible Investment and ESG considerations in the established RMF, the Group's performance in this area is then automatically subject to the routine review and reporting of compliance with the targets set, along with escalation, as appropriate, of any failure to meet the standards set. The IGC sees this as a key strength of the approach being taken to implement Responsible Investment considerations into the management of in-scope customers' pension savings.

For example, the Group's Market Risk and Credit Risk policies, which apply to all investment decisions made by Phoenix Group (and Standard Life in particular), both set out a number of minimum controls that must be in place regarding Responsible Investment, including, in respect of climate risk, the following ongoing controls:

i. Monitor and report current carbon/climate contribution of existing asset portfolio and progress against interim targets to deliver net zero on a phased basis;

ii. Maintain a process to review data feeds from external providers to ensure they meet requirements for monitoring and reporting of climate change risks;

iii. Maintain a process to perform portfolio analysis using best in-class metrics e.g. value at risk (taking into account physical and transition risks) and warming potential; and

iv. Maintain a process to use climate scenario analysis to inform understanding of range of physical and transition impacts on investments.

The Investment Committee that oversees Standard Life's investment decisions has, in its Terms of Reference, a specific responsibility to "ensure that all activities within the remit of the Committee are conducted in accordance with the Responsible Investments ethos and strategy of the Company and the Group". As part of this, it has responsibility for the development, implementation and monitoring of the Responsible Investments Principles and Practices mentioned above.

In carrying out these responsibilities, the Investment Committee is supported by a separate management committee that has been set up to review ESG-related risks and opportunities across all Standard Life investment portfolios. This committee reports into the Investment Committee and meets with the fund managers that Phoenix use, to review their ESG reporting (which covers not just the investments that they choose to buy, but also how they engage with the companies they invest in, including how they exercise their voting rights – in line with the new Stewardship Policy discussed above).

A new development in 2020, which has also carried over into much of 2021, was to appoint an independent, external firm to support Standard Life in the annual review of fund managers' ESG performance. The IGC has reviewed the depth of analysis that has been carried out on behalf of Standard Life and welcomes this new, more comprehensive and transparent approach.

The IGC receives regular updates on the oversight activity carried out by Phoenix on its 5 key fund manager partners and also the many other fund managers whose funds are made available to Phoenix Group customers. Where Standard Life is responsible for the investment decisions being made that impact IGC in-scope customer investment returns, we can confirm that Standard Life is keeping a careful eye on how its Responsible Investment framework is being implemented by its fund manager partners, and ensuring appropriate action plans are agreed and progressed wherever it perceives gaps exist that need closed.

Another new development in 2020 was the establishment of a Sustainability Committee reporting into the Phoenix Group Board. The Terms of Reference of this new Committee are available on the Phoenix Group **website** and include:

- Oversight of the Group's Sustainability Strategy and the setting of appropriate key performance indicators;
- Review, challenge and support the implementation of the Sustainability Strategy across all business within the Phoenix Group; and
- Keeping up-to-date with ESG best practice and thought leadership.

While the remit of this Committee is much wider than the application of Responsible Investment considerations to the investment of pensions savings within the remit of the IGC, the IGC welcomes its existence as a tangible sign that the "tone from the top" across Phoenix Group is consistent with, and supportive of, the developments seen within Standard Life in this important area.

The 2021Sustainability Report, available on the Phoenix Group **website** sets out the breadth of activity that is underway across the Group in this important area and demonstrates the effectiveness of the framework that is now in place in delivering on the targets set and aspirations described.

Customer Research

Approximately every year, Standard Life carries out a Responsible Investing Survey to monitor how customers' attitudes to ESG and other Responsible Investment considerations are changing. Amongst the findings from the most recent survey (early 2022) were the following, where the equivalent results from the previous (late 2020) survey are shown for comparison:

- Customers surveyed still ranked "return" (88%) and "risk" (81%) as the most important factors to take into account when investing. However, "good corporate governance" was also rated highly (77%);
- 90% (up from 89%) of respondents believe that protecting the environment is important;
- 66% (down from 70%) of respondents believe that responsibly invested funds will outperform other funds in the long-term;
- 70% (up from 65%) of respondents believe that it is important to invest in a way that drives positive change (e.g. influencing companies' impact on society, corporate governance or climate impact);
- 70% (up from 66%) of respondents feel that it is important to exclude companies that have a negative impact on society, poor corporate governance or are damaging the environment; and
- 64% (up from 61%) of respondents said that they want to invest in a way that commits to net-zero carbons emission status by 2050 (or earlier).

The consistency in findings since the previous survey is striking, and confirms that Standard Life's emphasis on sustainable and responsible investment is well-placed and aligns with widely-held customer views.

In addition to this regular survey, in 2020 the Phoenix Group commissioned an external agency to carry out research across Standard Life and Phoenix customers in order to understand customer needs and engagement in ESG and the impact this has on brand perceptions (across many industries, and not just financial services) and potential investment decision-making. The research explored questions like:

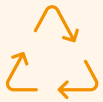
The top 5 responsible investment issues according to surveyed Standard Life customers are:

1. Climate change;

2. Human rights;

3. Recycling;

4. Clean fuels;



5. Energy conservation

- What is important for customers with regards to their investments?
- How involved do customers want to be with regards to ESG and their pensions?
- To what extent do customers just expect financial services providers like Standard Life and Phoenix to adhere to ESG principles?
- What do customers think Phoenix and Standard Life are doing regarding ESG?
- What will be relevant to customers in the future regarding ESG and their pensions?
- What language/style/content of communications on ESG is most likely to resonate with customers?

The research took the form of in-depth focus groups (carried out by video conference due to COVID restrictions) and produced a lot of rich, in-depth feedback. In particular, the research highlighted that:

- When it comes to pensions and investments, ESG considerations are not "top of mind" and many customers are not aware of sustainability-related actions being taken by financial services providers like Standard Life.
- When ESG considerations are discussed with them, many customers feel more interested in these issues and would like to consider them in relation to their pension investments. However, customers tend to balance this interest with their desire for good investment returns.
- Many customers would like the choice to set some sort of ESG "level" for their pension savings and then be able to leave Standard Life to manage this on their behalf. Some customers, however, would like a more active role in selecting where their savings should be invested (e.g. excluding certain industries, or targeting certain minimum ESG credentials).
- Customers are open to more communications related to ESG considerations, but would prefer that these are bite-sized and interesting. They also expect more detailed information to be available on the website for those who want it.

These insights are now being used by Standard Life to shape their Responsible Investment planning and communication developments. They have already led to certain new funds being launched – see below – and the IGC is looking forward to seeing what further developments are put in place in 2022.

Impact on default funds

In keeping with the research findings mentioned previously, and in response to demand from current and prospective employer clients, in December 2020, Standard Life launched their new "Sustainable Multi-Asset Default Fund".

Designed for those workplace pension arrangements that are looking for a low cost Responsible Investment option for their default fund, the new fund aims to deliver good customer outcomes by investing predominantly in component funds that track ESG-oriented indices rather than whole of market indices.

In particular, the fund aims to deliver a similar risk/return profile to a fund that tracks market indices, but, in addition, to meet the following investment criteria:

- Screening out financially material ESG risks, e.g. controversial weapons, tobacco, thermal coal and unconventional oil/gas, UN Global Compact Violators and severe controversies;
- Sustainable targeting of positive ESG outcomes, reducing carbon intensity by 50% and uplifting green technology solutions by 50%; and
- Influencing positive change through stewardship utilising proxy voting and company engagement to drive positive behaviour.

At launch, 64% of the fund was invested in ESG index-tracking equity portfolios, with the intention of moving as much of the balance (comprising mainly property, bond and cash investments) into appropriate ESG index-tracking funds as soon as they become available from the investment partners that Standard Life uses. At the time of writing this report, that percentage had risen to 68%.

The IGC welcomed this new initiative. However, we were keen that this increased focus on ESG was extended to all the other default funds that Standard Life offers. As described elsewhere in this report, the IGC has followed the 2021 review of Standard Life's range of Active Plus and Passive Plus default funds with great interest. We welcome the resulting proposals for a new range of default funds to be launched and are looking forward to their implementation in 2022.

Additional fund choices

Another development that is linked to the research findings set out above was the 2021 launch of eight new funds for those Standard Life customers who are keen to self-select their pension investments to align with their individual beliefs.

Bringing the total number of Responsible Investment funds offered by Standard Life to 22, the eight new funds focus on climate change and sustainability, and are:

- **SL ASI Sustainable Index World Equity Pension Fund**
- **SL ASI Sustainable Index UK Equity Pension Fund**
- **SL BlackRock ACS World ex UK Equity Tracker Pension Fund**
- **SL BlackRock ACS Continental Europe Equity Tracker Pension Fund**
- **SL BlackRock ACS Japan Equity Tracker Pension Fund**
- **SL BlackRock ACS US Equity Tracker Pension Fund**
- **SL Ninety One Global Multi-Asset Sustainable Growth Pension Fund**
- **SL M&G Global Sustain Paris Aligned Pension Fund**

While the IGC recognises that not all in-scope customers wish to self-select such funds, we are keen that Standard Life continues to increase the range of funds available to those customers who do, in order to meet as wide a range of personal values as possible. We are pleased that Standard Life has publicly stated its intention to work with a number of investment partners to expand the range.

Supporting Material

Value for Money Assessment

Supporting Material

Value for Money Assessment

Assessment Framework

Assessing VfM is not just about what something costs. You also need to look at the quality of what you get in return and how it compares with similar alternatives. That's why, since the IGC was formed in 2015, our VfM assessment has taken into account a number of different aspects of your workplace pension experience, to form a holistic view of the value for money that Standard Life is providing.

As noted in the Chair's introduction, for this year's assessment, we have further revised our VfM framework, to more closely align it to the VfM factors that the FCA have proposed that IGCs should use and, in particular, split out investment performance from all the other investment-related matters that are included in our VfM assessment. While two of the areas that were previously included in the VfM assessment ("Risk and Governance" and "Management Culture") are still monitored by the IGC, as they can influence the outcomes customers receive, we felt it was better to focus our assessment on the FCA's proposed definition of VfM. Thus, our VfM framework now covers the following 5 areas:

- Costs and Charges;
- Investment Performance;
- Investment Services;
- Customer Service; and
- Communication and Engagement.

ESG is still being reviewed by the IGC, but as a separate assessment alongside the VfM analysis.

Standard Life's Investment Pathways proposition has been included in the IGC's 2021 assessment of Standard Life's VfM performance, but with a separate rating alongside the opinions on the pension savings propositions.

Rating provider performance

In arriving at the performance ratings for each performance area, the IGC carries out a rigorous and wide-ranging analysis of Standard Life performance. We review lots of different information, including regular management information packs that are produced within Standard Life and the wider Phoenix Group, and specially-produced information packs containing the results of detailed investigations that we request.

To the extent we can, we assess Standard Life's performance relative to other workplace pension providers, using data drawn from other IGC reports, industry publications and specially-commissioned benchmarking exercises. The information available tends to be at provider proposition level, rather than at a more granular, employer scheme level. However, where it is possible to identify different groups of customers that get different treatment (particularly on levels of charges), we make sure we are comparing "like with like" as far as we can, in order that any VfM challenges that we make are soundly based. We also use this approach to compare performance across Standard Life and the other pension providers within the Phoenix Group. As explained earlier in the report, the quality of communications and the extent of online facilities varies for different groups of workplace customers across the Group and we do what we can to encourage best practice to be available to all in-scope customers. Also as referred to earlier, we follow a similar approach when assessing Investment Pathway value for money.

We recognise that assessing value for money is not an exact science because some aspects are more difficult to measure than others and individual customers value things differently. Nevertheless, we try to be as objective and fact-based as possible.

All of the performance areas are assessed on a Red/Amber/Green scale, with "speedometer gauges" used to give readers an indication of relative positioning of performance within the broad RAG bands.

For four of the performance areas ("Investment Performance", "Investment Services", "Customer Service" and "Communication and Engagement"), the RAG rating is based on a numerical score from a detailed assessment across a number of sub-areas (see below), as follows:

Green – performance score greater than 70%

Amber – performance score between 40% and 70%

Red – performance score less than 40%

The other VFM areas ("Costs and Charges" and "ESG"), are not currently scored in such a granular way – although the assessment is similarly rigorous and wide-ranging. Rather, the IGC feels it is sufficient to assign a performance rating using a colour-based scale as follows:

Green – no material concerns

Amber – some material concerns found that affect some members

Red – major concerns found (i.e. material concerns that affect a large number of members, or very material concerns that affect some members)

Numerical scoring

For each of the three VfM areas for which we use this approach, Standard Life's performance was rated on a numerical scale (from 0 to 3) across a number of sub-areas, based on the evidence provided to the IGC as well as our own knowledge of the workplace pension market. The sub-areas are broadly the same as those used in last year's IGC report, but with some changes in order to be more explicit about what we are looking for.

By using a similar approach to last year's report, we are able to continue with the historic trend analysis that the previous Standard Life IGC was developing. It also enables comparisons to be drawn across the various books of business in the different companies within the Phoenix Group and highlights areas where internal best practice could be further shared.

The scoring criteria used was the same as that used last year, namely:

0 not offered

1 basic standard

2 beyond basic

3 area of strength

The scores for individual sub-areas are then summed and converted into a percentage score for each of the 5 areas. We have retained the development introduced last year, to identify the key one or two performance sub-areas and give them double weighting in arriving at the percentage score allocated. This is to ensure that the individual RAG ratings are not unduly influenced by less important, but still nice to have, elements of performance.

The sub-areas used for this assessment are as follows, with those that receive a double weighting shown in bold.

Investments:

1. Lifestyling approach and profiles are suitable
2. Performance of all funds vs stated goals
3. **Performance of all ranked funds vs peer groups**
4. Performance of key default/fund vs inflation over long term
5. With-Profits example – 20 year payouts above cpi (the 'consumer prices index' measure of inflation)

Service quality:

1. **Responsiveness to customer need**
2. Relevant experience and expertise of staff
3. Easy access to phone support
4. Easy access to online support (webchat etc.)
5. Clarity of communication in servicing transactions
6. Efficiency and scalability of operational capability
7. **Quality and speed of processing of core financial transactions**
8. Level of automation/straight through processing
9. Ease of transfer by an individual to another provider
10. Ease with which customers can make contact via different channels
11. Customer satisfaction
12. Complaints Handling

Customer Comms and Engagement:

1. **Adoption of "Fit For Purpose Protocol"**
2. Innovation to improve customer experience
3. Feedback from customers driving improvement in communications
4. Digital/online tools
5. Quality of Annual Statements and Key Milestone Communications
6. Initiatives to improve customer experience at retirement

Independent Governance Committee